

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS FOR FISCAL YEAR 2014

WEDNESDAY, MAY 8, 2013

**U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
*Washington, DC.***

The subcommittee met at 2:36 p.m. in room SD-192, Dirksen Senate Office Building, Hon. Dianne Feinstein (chairman) presiding.

Present: Senators Feinstein, Landrieu, Tester, Alexander, Cochran, Shelby, Collins, Murkowski, and Hoeven.

DEPARTMENT OF DEFENSE—CIVIL

DEPARTMENT OF THE ARMY

CORPS OF ENGINEERS

**STATEMENT OF HON. JO-ELLEN DARCY, ASSISTANT SECRETARY OF
THE ARMY (CIVIL WORKS)**

OPENING STATEMENT OF SENATOR DIANNE FEINSTEIN

Senator FEINSTEIN. Good afternoon and welcome to the Energy and Water Subcommittee's oversight hearing of the fiscal year 2014 budget request for the Bureau of Reclamation and the Army Corps of Engineers.

Our witnesses today include Anne Castle, Assistant Secretary for Water and Science of the Interior Department; Michael Connor, Commissioner for the Bureau of Reclamation; Jo-Ellen Darcy, Assistant Secretary of the Army for Civil Works; and Lieutenant General Thomas Bostick, Chief of Engineers for the United States Army Corps of Engineers.

Thank you all for appearing before us today. And because of our late start, because of votes on the floor, I'm going to submit my full statement for the record, but I do want to make just a few points.

First, you should understand that I am a big fan of both of your Agencies and the great work you do across the Nation and particularly in California. The Bureau of Reclamation provides water and power to 17 Western States. Reclamation delivers water to 31 million people, for municipal, rural, and industrial uses. They deliver water to 20 percent of the West's farmers, providing irrigation to 10 million acres of some of the most productive agricultural land in the world. They also address water resource challenges posed by drought, climate, depleted aquifers, environmental needs, energy demands, and population increases across the West.

(1)

Yesterday, I listened to the number 2 in the Interior Department, the distinguished David Hayes, point out that this year is going to be the worst drought year for California in history, and, obviously, that affects water and the economy of our State.

The economy of California is almost entirely dependent on the Central Valley and State water projects. Without these two massive projects, the State would be very different today.

Corps of Engineers ports and waterways serve 41 States via 25,000 miles of waterways and 926 ports, providing over 2.3 billion tons of cargo.

I was also just told by the distinguished staffer behind me that Corps land for recreation is actually greater than the national park system of our country, and I never realized that before, and it's really very impressive.

Damages prevented by Corps flood control projects exceed \$25 billion annually. Every \$1 invested in flood control since 1928 has prevented over \$7 in damages, when adjusted for inflation.

We depend on both of your agencies to build this water infrastructure as well as facilitating much needed environmental restoration.

Second, and quite candidly, I believe your budget requests are insufficient to meet our Nation's water resources needs. Out of a \$4.8 billion request for the Corps, only \$1.35 billion is designated for construction. This is \$121 million less than what your budget proposed last year. Unfortunately, this budget continues a trend in the wrong direction.

Federal investments in our water resource infrastructure are really the key to providing better flood protection and preventing damages from natural disasters.

Don't misunderstand me. I'm not blaming you. I understand this is the way it has been. What I'm trying to say is we need to think about changing it.

We know it's much cheaper to design and construct these projects in a reasoned, thoughtful manner before a disaster occurs than to react after the fact.

My interest in this is quite personal. Sacramento, California, is the largest urban population with the least amount of flood protection in the country. A major flood would devastate this area.

The fragile Sacramento-San Joaquin Delta provides drinking water to 23 million people and contains some of the most productive farmland in the world. But a severe earthquake, and we're going to have one, could destroy levees, severing the water supply, and inundating up to 1 million acres of farmland with saltwater.

Finally, the unfortunate lesson taken from recent disasters is that in order to fund a project in a timely manner, the area must first be devastated by a natural disaster. It happened with Hurricane Katrina and now with Superstorm Sandy. That's really the wrong lesson to be learning.

Since fiscal year 2003, this committee has provided more than \$22.5 billion in emergency appropriations for disaster recovery and construction efforts for the Corps in the wake of these natural disasters—\$22.5 billion. During the same 10-year period, we have provided just \$21 billion for construction of projects nationwide to prevent these types of damages from occurring.

If we choose instead to robustly fund infrastructure development, the reduction in damages would have meant considerably less need for these extensive emergency appropriations.

I would be remiss if I didn't speak about the vital functions of the Bureau of Reclamation in Western States, and I particularly want to thank its commissioner, Mike Connor. You have a very difficult role and there are a lot of conflicts, and I understand them. Water is not easy.

Funding for water conservation, recycling, and new storage are critical to address the many challenges posed by drought, climate change, energy demands, and population increases. Yet, they too are underfunded in the budget request.

PREPARED STATEMENT

If we don't invest more in our water resources today, we're going to be forced to spend more in recovery efforts following massive natural disasters tomorrow. At best, the budget requests for both Agencies barely meet the minimum needs for water resources development. Out of a \$1 trillion budget for discretionary spending, I think we should do better. I'm not blaming you. I understand this is the way it is and understand that you try to balance it, but I also understand that so much of our infrastructure is under threat. In the West, the probabilities of a major earthquake are way up, and we've got thousands of miles of levees in the river system and the delta, all of which could come down.

So I look forward, in my question time, to talk a little bit more about this.

[The statement follows:]

PREPARED STATEMENT OF CHAIRMAN DIANNE FEINSTEIN

Good afternoon ladies and gentlemen and welcome to the Energy and Water Subcommittee's oversight hearing on the fiscal year 2014 budget requests for the Bureau of Reclamation and the U.S. Army Corps of Engineers.

I am going to start by saying that I am a big fan of both of your agencies, but I believe that your budget requests are inadequate to meet our Nation's water resources needs. Out of a \$4.8 billion request for the Corps, \$1.35 billion is designated for construction. This is \$121 million less than what your budget proposed for fiscal year 2013. I believe that is the wrong direction.

Every year in this hearing we go through the same ballet. You tell us that the Administration's budget request meets all of the Nation's most pressing needs and we disagree with that assessment.

When the fiscal year 2005 budget request was prepared, your predecessor made similar statements to this committee about the Corps budget meeting the Nation's most pressing needs. In a \$4.5 billion budget for the Corps, \$1.637 billion was for construction of new flood control, navigation and ecosystem restoration projects; \$41.5 million was included for construction of hurricane and storm damage reduction projects in the New Orleans area. In August of that year, Hurricane Katrina caused significant damages, including loss of life and property to most of the gulf coast States with Louisiana suffering the greatest impacts. Where the budget of 7 months earlier had met the Nation's most pressing needs, we suddenly found that the Nation had suffered a terrible tragedy with damages in excess of \$100 billion.

Rightfully so, recovery for this area became a pressing national priority for the Administration and Congress. I voted for all seven supplemental appropriations to ensure a comprehensive hurricane and storm damage reduction system was completed as quickly as possible. This committee provided \$14.5 billion to the Corps for recovery and new construction to ensure that the New Orleans area would not suffer significant losses from a similar storm. We saw the results of this investment in New Orleans last year when Hurricane Isaac struck. The storm caused significant impacts on the unprotected areas around New Orleans. However, the hurricane and storm damage reduction system developed, funded, and constructed in the after-

math of Hurricane Katrina protected the area within the system from all but minor flooding. One can only imagine the damages that would have occurred to New Orleans if the funds to construct this system had not been appropriated in a timely and efficient manner.

A more recent example is from February of last year. Secretary Darcy, your testimony made similar statements about meeting the Nation's most pressing needs. Your fiscal year 2013 budget proposed a total of \$4.7 billion for the Corps; \$1.471 billion was for construction of new flood control, navigation, and ecosystem restoration projects. Only \$6 million of that construction funding was dedicated to construction of shore protection projects along the North Atlantic Coast. However, scarcely 9 months later, we were facing unimaginable devastation along the North Atlantic Coast due to Hurricane Sandy. This storm caused loss of life and property and damages in excess of \$60 billion. Where shore protection was not one of the most pressing needs just 9 months earlier, it suddenly became such a priority that the Administration proposed a \$5.35 billion recovery and construction program to ensure these areas did not suffer significant losses in the future.

I could also cite similar examples for the 1995 Central California Floods, the 1997 Red River of the North Flood, the historic Mississippi and Missouri River floods of 2011, or numerous other natural disasters.

My point is not that the Administration is bad at predicting where or when natural disasters are going to occur, but rather that we are not learning lessons from these natural disasters. Or worse, we are learning the wrong lessons. We all know that wise flood plain development by State and local interests combined with flood risk management projects jointly developed by Federal, State and local governments can significantly lessen the impacts of natural disasters. We also know that it is much cheaper to design and construct these projects in a reasoned thoughtful manner before the disaster occurs. Unfortunately, the lesson that seems to have been learned is that in order to get a project efficiently funded and completed in a timely manner, the area must first be struck by a devastating natural disaster. That is the wrong lesson to be learning.

Since fiscal year 2003, this committee has provided emergency appropriations of more than \$22.5 billion for disaster recovery and construction efforts for the Corps of Engineers. During the same 10-year period, we have provided just \$21 billion for construction of projects nationwide through the Corps regular appropriations. If we had chosen to more robustly fund this infrastructure development, significant damages would have been prevented significantly reducing the need for emergency appropriations.

My interest in this is quite personal. My State is home to Sacramento which is the largest urban population with the least amount of flood protection in the Nation. A major flood would devastate this area. Additionally, our fragile Sacramento-San Joaquin Delta is the pathway that provides 23 million Californians drinking water and contains some of the best, most productive farmland in the world. Similarly, a severe earthquake could destroy these levees severing this vital water supply and up to 1 million acres of farmland would disappear as salt water permeated the soil.

I recognize that debt issues are forcing us to face austere budgets. However, we always seem to be able to find a way to deal with the emergencies of these natural disasters. That usually involves significant appropriations. It would seem that a more prudent course of action would be to spend more on projects that would prevent the impacts from these natural disasters occurring. However, the Federal Government cannot do this alone. Local and State governments must do a better job of controlling development in vulnerable areas.

I would be remiss if I didn't speak for a moment about the vital functions that the Bureau of Reclamation performs for the 17 Western States. The economy of my State is almost entirely dependent on the Central Valley and State Water Projects. Without these two massive water projects, the State of California would be vastly different today. Funding for conservation, recycling, and new storage are critical to address the challenges posed by drought, climate change, depleted aquifers, environmental needs, energy demands and population increases in the west. Yet they are continually underfunded in the budget request. If we do not invest more now in our water resources, in the years ahead we will be addressing the recovery from what seem to be ever massive natural disasters.

At best, the budget requests for both agencies are barely meeting the minimum needs for water resources development. Out of \$1 trillion budget of discretionary spending, you can and should be able to do better.

I look forward to exploring these and other issues with our witnesses.

Senator FEINSTEIN. But I just want to say, it's been a great pleasure for me to work with the gentleman on my left. He's been

a very good partner. I think we have worked very well together, and I'm very grateful for that. So I'd like to ask Senator Alexander if he would say a few words.

STATEMENT OF SENATOR LAMAR ALEXANDER

Senator ALEXANDER. Thanks, Madam Chairman, and I absolutely reciprocate. I'm very fortunate to have a chance to work with the Senator from California. She has the advantage, among other things, of having been a mayor, and I was once a Governor. And people who hold those positions like to make decisions and get things done, so we approach things from the same direction. We don't always agree. But let's say we may have differences of opinion, but we don't have disagreements. We figure things out.

Welcome to the witnesses. Thank you all for coming, and thank you for your service to our country. And I would like to say to the Corps of Engineers to begin with, a compliment to you on your work on the Wolf Creek Dam and the Center Hill Dam, which are in our territory. Making those dams safe is very important to Nashville and the Nashville area. If they were to fail, it would be a much more serious flood of Nashville than there was a couple of years ago. And the fact that you got them done on time or a little bit ahead of time means that the water levels can go back up and people can enjoy the recreational opportunities, and there can be more generation from those, so thank you for that.

I'm not going to repeat what the chairman said. I want to focus my opening remarks, then I'll have some questions later, on the subject that we're debating on the Senate floor this week, because this committee has a lot to do with that. It's called the Water Resources Development Act (WRDA). And I want to focus my attention on locks, dams, ports, and dredging.

The Senator from California has a special interest in that, and we've talked about it. I do, most of our States do. We have either ports or we have inland waterways that are tremendously important to our ability to grow new jobs in this country.

And with the expansion of the Panama Canal, we have a major opportunity to fix our Nation's waterways and to modernize our Nation's ports. And a nation that produces about 25 percent of all the wealth in the world should want to do that.

So Senator Graham and I, about a year ago, asked our staffs, including Senator Feinstein's and others, we all work together and we worked with the Vice President, and we said, "Let's just rear back and ask what would a great country, the United States, want from its ports, locks, dams, and waterways in order to fully maximize them for our economic growth."

And there are all sorts of financial obstacles and considerations. We asked the staff not to worry about that so much, just paint a picture of where we'd like to go. And they did a very good job. We had lots of discussions. As I said, we worked with the White House. We talked among ourselves. We talked in this committee with the chairman. We talked with the Environment and Public Works Committee, other interested Senators. And we came up with something called the American Waterworks Act, and we introduced it. And the idea was to do whatever we needed to do to fix our Nation's waterways and modernize our Nation's ports.

Now as often happens with good ideas in Washington, if you lay a good one out there, pretty soon it'll begin to get adopted. That's beginning to happen this week. A couple of the major provisions are in this legislation that's being debated on the Senate floor. And if it passes the Senate and passes the House and is signed by the President, we'll begin to make some progress.

The first problem we found and that we sought to address is with the Harbor Maintenance Fund. The problem with it is it collects money well, but it isn't able to spend all of it because of the way we do our appropriations and budget around here. And it can't be used for the things the local communities need it to be used for, like deepening of harbors. So we sought to fix that.

The legislation also helps to fix our inland locks and dams. The Inland Waterway Trust Fund has a different problem. It doesn't collect enough money, and it has a backlog of locks that are near failure. A failure of the inland waterway system would put hundreds of thousands of trucks back on our highway system.

For example, the Chickamauga Lock in Chattanooga, if it were to fail, which it will in a few years if we don't reconstruct it, would put 100,000, at least, big heavy trucks on I-75 and it would be extremely damaging to the commerce of the entire Eastern Tennessee area, including the nuclear power plants, including the Oak Ridge works, all those things.

So the legislation being considered on the floor this week takes a couple of important steps. It removes Olmsted Lock from the Inland Waterway Trust Fund because it had been clogging it up. And that will be funded separately and make room for a second thing that the American Waterworks Act did, and which you've had a work in doing, a new capital development plan, which sets priorities for what the money should be spent for.

So in other words, we're unclogging, if we pass this legislation, the Inland Waterways Trust Fund, and we're setting priorities according to a sensible way of going about it, and then allowing the Corps to proceed to do things as it thinks should be done.

One thing was not done. The Finance Committee didn't approve a trust fund fee increase that the commercial users of the locks had agreed to pay. Now, that doesn't make any sense to me. I mean, I'm a conservative Republican, former Governor from a State that has a pay-as-you-go highway plan. That means we have zero road debt, and that means we don't borrow money to build roads or to build infrastructure. We pay for it as we go.

And I think we need to learn in the Congress to separate—to distinguish between the general individual income tax and user fees. I mean, if the commercial users of the locks want to pay more so the locks can be built and reconstructed more rapidly, that's in our national interest, and they ought to be allowed to do that and we ought to do it.

For example, the Food and Drug Administration has numerous, numerous accounts that are funded by user fees, and I haven't heard anybody suggest that we ought to stop all that. And we shouldn't stop this either.

So as pleased as I am with the progress we're making this week, I'm disappointed with the Finance Committee's action. I hope they reconsider it.

And I look forward, after the Water Resources Development Act is completed, to working with all of you on its funding, on its implementation. And I look forward to your testimony on the next year's budget.

Thank you very much, Madam Chairman.

Senator FEINSTEIN. Thank you very much, Mr. Vice Chairman.

Senator, do you have a statement to make or should we proceed?

Senator LANDRIEU. I can submit it for the record and proceed to the witnesses.

[The statement follows:]

PREPARED STATEMENT OF SENATOR MARY L. LANDRIEU

Secretary Darcy and General Bostick, thank you for your testimony today. As you know, Corps of Engineers projects are vitally important in Louisiana. For decades, the people of my State have been fighting a noble battle to save the most productive and environmentally significant coast and delta in the world. We are losing 25 to 35 square miles of wetlands per year—about a football field an hour—which places millions of lives and critical national resources at alarming risk.

While I have concerns about many Corps issues, the one that is most obvious is the inadequate funding for levee construction and dredging operations. This agency is woefully underfunded and unable to meet the great challenges facing Louisiana and the Nation. The \$1.35 billion provided for construction does not adequately meet our Nation's flood protection, navigation, or restoration needs.

I am encouraged to see that the Administration requested funding for Louisiana Coastal Area projects and included it as one of only four new starts, but we must do more.

Since 2008, the Corps' construction budget has been reduced by over 50 percent despite a backlog of more than \$60 billion in projects nationwide, and additional projects are being considered by the Senate right now that would add another \$12.2 billion on top of that.

The President's fiscal year 2014 budget provides for the use of \$890 million from the Harbor Maintenance Trust Fund, a 5-percent increase over the fiscal year 2013 request, but still well below the \$1.7 billion collected annually.

With full channel dimension available only ⅓ of the time at the busiest 59 harbors in the United States, I remain very concerned about the adverse impacts this systemic under-investment has on the commerce and industry that depend on these waterways.

Senator FEINSTEIN. Excellent. Thank you very much.

And Senators Shelby and Collins submitted their statements for the record.

[The statements follow:]

PREPARED STATEMENT OF SENATOR RICHARD SHELBY

Secretary Darcy and General Bostick, you are well aware of my support for Army Corps funding of our Nation's port infrastructure.

Although Congress faces significant fiscal constraints, targeted investments in our port system are important to spurring economic growth and job creation.

These investments are beneficial not only to our docks and coastal cities, they are critical to ensuring efficient transportation of goods and resources across our country.

Our Nation's ports serve as the gateway to the world marketplace for American manufacturers, farmers, energy producers, and countless other industries.

The Senate has a bipartisan history of supporting investments in Federal channels and harbors, and I look forward to working with you on these and other priorities for the Army Corps.

PREPARED STATEMENT OF SENATOR SUSAN COLLINS

Thank you, Chairman Feinstein, for holding this hearing to review the fiscal year 2014 budget submissions for the Army Corps of Engineers and the Bureau of Reclamation. I look forward to again serving on this subcommittee with you and Rank-

ing Member Alexander. Despite the current fiscal challenges, I am hopeful that, working together, we will be able to produce a bipartisan funding bill.

I also want to welcome General Bostick, Assistant Secretary Darcy, Assistant Secretary Castle, and Commissioner Connor.

I know my West Coast colleagues will address the Bureau of Reclamation's budget request, so I will focus my comments and attention on the Army Corps of Engineers. The Corps has the tremendous responsibility of strengthening the Nation's security by building and maintaining critical infrastructure and navigation channels, and by developing hurricane and storm damage reduction infrastructure to limit the risk posed by natural disasters.

Maintaining aging infrastructure and improving the security of our infrastructure from terrorism and natural threats are ongoing and costly challenges.

Army Corps projects also play an important role in local economies, and there is an ongoing need to address the maintenance backlog and ensure our ports and harbors are properly maintained.

I would like to acknowledge the \$13 million for the dredging of Portland Harbor, which I understand is included in the fiscal year 2013 spend plan, and the \$3.5 million each for Wells Harbor and Scarborough River from the Hurricane Sandy Supplemental funding. Ports and harbors are the economic lifeblood for many small or rural communities, and funding for the maintenance dredging is critically important to supporting these efforts, a fact not fully accounted for under the Army Corps' budget metrics, which tend to favor larger ports.

There remains an unmet need in my State and others around the Nation when it comes to Operations and Maintenance. Without the ability to direct funding to small harbors and waterways, I believe we need to pay careful attention to ensure the water infrastructure needs of all States are more fully met.

I would like to thank the Chair and Ranking Member for working with us in past years to include the \$30 million for Operations and Maintenance projects at "small, remote, or subsistence navigation" harbors and waterways. This funding is helping, but more is needed.

I look forward to discussing these issues with you in greater detail during questions. Thank you again to all the witnesses for being with us today, and to you, Chairman Feinstein, for holding this important hearing.

Senator FEINSTEIN. Who would like to go first? Madam Secretary, would you? Thank you.

SUMMARY STATEMENT OF JO-ELLEN DARCY

Ms. DARCY. Thank you, Senator Feinstein, Senator Alexander, Senator Landrieu.

Thank you for the opportunity today to present the President's budget for the Civil Works Program of the U.S. Army Corps of Engineers for fiscal year 2014. I'm Jo-Ellen Darcy, Assistant Secretary of the Army for Civil Works, and I'll summarize my statement and ask that my complete statement be entered into the record.

The President's 2014 budget provides \$4.826 billion in gross discretionary appropriations for the Army Civil Works Program, offset by a \$100 million rescission of unobligated carryover from appropriations prior to fiscal year 2013. This is \$95 million higher than the President's 2013 budget for the Army Civil Works program.

The budget reflects the Administration's priorities through targeted investments in the Nation's water resources infrastructure, including dams and levees and navigation investments, as well as the restoration and protection of the Nation's aquatic ecosystems and generation of low-cost renewable hydropower. Funds are provided for the planning, design, construction, operation, and maintenance of these projects.

The budget also supports the restoration of certain sites contaminated as a result of the Nation's early atomic weapons development program; provides emergency preparedness and training to respond to natural disasters; and recreation, environmental stewardship,

and water supply storage at existing projects owned or operated by the Corps.

These investments will contribute to a stronger economy, improve reliability of waterborne transportation, reduce flood risk to businesses and homes, and support American jobs.

The budget funds to completion three flood risk management projects, one navigation project, one hydropower project, and 21 studies and designs. The Civil Works budget includes funding for 4 high-performing construction new starts, 10 new study starts in the investigations account, and 1 new activity in the operation and maintenance account.

The budget includes the highest amount ever budgeted for use of receipts from the Harbor Maintenance Trust Fund to maintain coastal channels and harbors.

Inland waterway capital investments in the construction account are funded at the maximum amount that's affordable within the projected trust fund revenues under existing law. The Administration will continue to work with Congress and stakeholders to enact a mechanism to increase revenue to the Inland Waterway Trust Fund.

The 2014 budget provides \$392 million for dam and levee safety activities, including \$41 million to continue our Levee Safety Initiative.

The budget provides \$75 million for additional measures to support navigation on the Mississippi River if the current drought, which has been affecting the water levels on the river, continues in fiscal year 2014. The budget provides continued funding for restoration of five of the Nation's significant aquatic ecosystems: The California Bay Delta, the Chesapeake Bay, the Everglades, the Great Lakes, and the gulf coast.

The Army continues to work to modernize the Civil Works planning program. Proposed changes are aimed at dramatically shortening the time and the cost for completion of preauthorization studies, while retaining the quality of the analysis. The budget again includes \$3 million for the Veterans Curation Project, which provides vocational rehabilitation and innovative training for wounded and disabled veterans, while achieving historical preservation responsibilities for archeological collections administered by the Corps.

PREPARED STATEMENT

In summary, the 2014 budget of the Army Civil Works program is a performance-based budget that supports continued progress on important water resources investments that will contribute to a stronger economy and continue progress on important water resources investments that will yield long-term returns for the Nation and for its citizens.

Thank you, members of the subcommittee. I look forward to answering any of your questions.

[The statement follows:]

PREPARED STATEMENT OF HON. JO-ELLEN DARCY

Madam Chairman and distinguished members of the subcommittee, thank you for the opportunity to present the President's budget for the Civil Works program of the Army Corps of Engineers for fiscal year 2014.

OVERVIEW

The fiscal year 2014 budget for the Civil Works program reflects the Administration's priorities through targeted investments in the Nation's water resources infrastructure, including dams and levees and navigation investments as well as the restoration and protection of the Nation's aquatic ecosystems and generation of low-cost renewable hydropower. Funds are provided for the planning, design, construction, operation and maintenance of such projects. The budget also supports the restoration of certain sites contaminated as a result of the Nation's early atomic weapons development program; emergency preparedness and training to respond to natural disasters; and recreation, environmental stewardship, and water supply storage at existing projects owned or operated by the Corps. These investments will contribute to a stronger economy, improve reliability of waterborne transportation, reduce flood risks to businesses and homes, and support American jobs.

The primary objectives of the budget are as follows:

- Focus funding on water resources investments that will yield high economic and environmental returns or address a significant risk to public safety.
- Support commercial navigation through maintenance and related activities at the most heavily used coastal ports and inland waterways in the Nation.
- Provide significant funding for dam and levee safety, including interim risk reduction measures designed to immediately lower the risk level at the highest risk dams, and continue funding for the Corps' national levee safety initiative.
- Restore large ecosystems such as the California Bay-Delta, Chesapeake Bay, the Everglades, Great Lakes, and gulf coast.
- Increase the organizational efficiency and improve the management, oversight, and performance of ongoing programs.

FISCAL YEAR 2014 DISCRETIONARY FUNDING LEVEL

The budget for fiscal year 2014 for the Civil Works program provides a fiscally prudent, appropriate level of investment in the Nation's water resources infrastructure and in the restoration of its aquatic ecosystems.

In keeping with the Administration's commitment to continue to invest in those efforts that are a priority for the Nation, while putting the country on a sustainable fiscal path, the budget includes \$4.826 billion in gross discretionary appropriations for the Army Civil Works program offset by a \$100 million rescission of unobligated carryover from appropriations prior to fiscal year 2013. This gross funding level represents the amount of new Federal discretionary resources that would be available to the Civil Works program. It is \$95 million higher than the amount proposed in the fiscal year 2013 budget. The net and gross fiscal year 2014 funding levels for the Civil Works program reflect a considered, practical, effective, and sound use of the available resources.

Within the \$4.826 billion recommended appropriations, \$1.35 billion is for projects in the Construction account, and \$2.588 billion is for activities funded in the Operation and Maintenance (O&M) account. The budget also includes \$90 million for Investigations; \$279 million for Mississippi River and Tributaries; \$28 million for Flood Control and Coastal Emergencies; \$200 million for the Regulatory Program; \$104 million for the Formerly Utilized Sites Remedial Action Program; \$182 million for the Expenses account; and \$5 million for the Office of the Assistant Secretary of the Army for Civil Works. Attachment 1 shows this funding by account and program area.

[Attachment 1 follows:]

Attachment 1
FISCAL YEAR 2014 BUDGET—BUSINESS LINE/ACCOUNT CROSS-WALK
[In millions of dollars]

Business Lines	Funding Categories											
	I	C	O&M	MR&T			FUSRAP	FCCE	REG	E	OASA (CW)	TOTAL
				I	C	O&M	TOTAL MRT					
Flood and Coastal Storm Damage Reduction	39	595	556	10	74	97	181	.....	.....	.....	.....	1,370
Coastal	4	27	14	.....	.....	.....	.....	.....	.....	.....	.....	45
Inland	35	568	542	10	74	97	181	.....	.....	.....	.....	1,325
Hydropower	6	204	.....	.....	.....	.....	.....	.....	.....	.....	.....	210
Navigation	23	345	1,461	11	44	55	.....	.....	.....	.....	.....	1,884
Coastal	16	108	853	.....	2	2	.....	.....	.....	.....	.....	980
Inland	7	237	608	11	42	53	.....	.....	.....	.....	.....	904
Environment .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Aquatic Ecosystem Restoration	28	405	16	<1	2	2	.....	.....	.....	.....	.....	449
Stewardship .....	.....	.....	98	.....	4	4	.....	.....	.....	.....	.....	102
FUSRAP .....	.....	.....	.....	.....	.....	.....	.....	104	.....	.....	.....	104
Regulatory .....	.....	.....	.....	.....	.....	.....	.....	200	.....	.....	.....	200
Recreation .....	.....	.....	241	.....	11	11	.....	.....	.....	.....	.....	252
Emergency Management (incl. NEPP) .....	.....	7	.....	.....	.....	.....	.....	28	.....	.....	.....	35
Water Supply Expenses	<1	5	27	.....	27	.....	.....	.....	.....	.....	.....	33
OASA(CW) .....	.....	.....	.....	.....	.....	.....	.....	.....	182	.....	.....	182
TOTAL	90	1,350	2,588	10	113	156	279	104	200	28	182	5
												4,826

I = Investigations; C = Construction; O&M = Operation and Maintenance; MR&T = Flood Control, River and Tributaries; FUSRAP = Formerly Utilized Sites Remedial Action Program; FCCE = Flood Control and Coastal Emergencies; REG = Regulatory Program; NEPP = National Emergency Preparedness Program; E = Expenses; OASA(CW) = Office of the Assistant Secretary of the Army for Civil Works.

The fiscal year 2014 budget continues the Army's commitment to a performance-based approach to budgeting to provide the best overall return for the Nation in achieving economic, environmental, and public safety objectives. Competing investment opportunities for studies, design, construction, and operation and maintenance were evaluated using objective performance metrics, which guided the allocation of funds.

The fiscal year 2014 budget supports an appropriate level of investment in commercial navigation, flood risk management, aquatic ecosystem restoration, and our other programs. Of the total in the budget, 39 percent is allocated to commercial navigation; 28 percent to flood risk management activities; and 33 percent to environmental, hydropower, and other activities. Three flood risk management projects, one navigation project, one hydropower project, and 21 studies and designs are funded to completion in the budget.

NEW INVESTMENTS IN FISCAL YEAR 2014

The Civil Works budget includes funding for four high-performing construction new starts, three of which were proposed in the fiscal year 2012 and fiscal year 2013 budgets but did not receive funding in the final appropriations action.

The three re-proposed new start construction projects are: \$15 million for the Hamilton City project in California, which will provide environmental restoration and flood damage reduction benefits in the Bay-Delta area; \$1 million for the Louisiana Coastal Area Ecosystem Restoration program, a nationally significant effort to restore habitat while reducing the risk of damage to coastal Louisiana from storm driven waves and tides, which complements the ongoing Federal effort under the Coastal Wetlands Planning, Protection, and Restoration Act; and \$3 million for the Lower Colorado River Basin, Onion Creek, Texas, project, which relies on non-structural solutions to significantly reduce the risk of flood damage.

The budget also includes \$1 million in new construction start funding to rehabilitate jetties at the Columbia River at the Mouth, Oregon and Washington, project to reduce safety hazards.

The budget also includes funding for 10 new study starts in the Investigations account. Four of these studies were proposed in the fiscal year 2012 and 2013 budgets but did not receive funding in the final appropriations action. These four are the Chesapeake Bay Comprehensive Plan for \$250,000; the Louisiana Coastal Area Comprehensive Plan for \$100,000; the Yuba River Fish Passage in California for \$100,000; and the national Water Resources Priorities Study for \$1 million. One additional study was previously proposed in only the fiscal year 2013 budget, but did not receive funding in the final appropriations action. That study is the Houston Ship Channel, Texas study is re-proposed for \$100,000.

The Water Resources Priorities Study will address the critical need to develop a baseline assessment of the Nation's vulnerability to flood damages on both a national and regional scale. First, a baseline assessment will identify and analyze the key drivers of flood risks, including the ways in which some of those risks are changing or expected to change over time. The study would then examine the effectiveness of existing Federal, State, and local programs; and develop recommendations to improve these programs so as to reduce the economic costs and risks to life associated with large-scale flood and storm events in ways that will also promote the long-term sustainability of communities and ecosystems.

The five studies included for the first time in this budget are Coyote Dam, California for \$100,000; Dry Creek Dam (Warm Springs), California for \$100,000; Coastal Texas Protection and Restoration for \$100,000; Seattle Harbor, Washington for \$100,000; and Salton Sea, California for \$200,000.

A new activity to focus on reducing the vulnerability of Civil Works projects to changing conditions—including extreme flood, storm, and drought events—is also included for the second year. The \$1 million for Reducing Civil Works Vulnerability in the Operation and Maintenance account will inform decisions to increase the resilience of Civil Works infrastructure.

NAVIGATION

The budget includes \$1.884 billion in support of domestic and global waterborne transportation, with emphasis on the coastal ports and inland waterways that support the greatest national economic activity.

The budget includes \$49 million to continue construction of the New York and New Jersey Harbor deepening project. The budget also includes \$54 million to construct dredged material placement sites at several deep draft ports to provide additional capacity for the maintenance of these projects in the future. It provides \$11

million to continue studies and designs at coastal ports, including proposals to deepen existing channels to accommodate Post-Panamax commercial shipping.

The budget also provides for use of \$890 million from the Harbor Maintenance Trust Fund to maintain coastal channels and harbors. This is a 5-percent increase over the fiscal year 2013 budget and the highest amount ever proposed in a President's budget for work financed from the Harbor Maintenance Trust Fund.

The budget focuses on supporting those inland waterways with a high level of commercial use, specifically, the Lower Mississippi River, Ohio River, Upper Mississippi River, Gulf Intracoastal Waterway, Illinois Waterway, Tennessee River, and the Black Warrior Tombigbee Waterway. For example, the budget includes a total of \$75 million for additional measures to support navigation on the Mississippi River if the current drought, which has been affecting the water levels on the river, continues into fiscal year 2014.

The fiscal year 2014 budget includes a total of \$248 million for inland waterways capital investments are funded at \$248 million, of which \$94 million will be derived from the Inland Waterways Trust Fund. This amount is consistent with the expected level of revenue to this trust fund under existing law.

The budget assumes enactment of a legislative proposal submitted to the Joint Select Committee on Deficit Reduction in 2011. The proposal would generate an additional \$1.1 billion in revenue over 10 years from commercial users of the inland waterways. Over a recent 3-year period, for example, the receipts from the inland waterways fuel tax covered less than 10 percent of the total cost that the Corps incurred on behalf of the companies that move goods on these waterways, including costs for both capital investment and operation and maintenance. The proposal includes a new annual vessel user fee, which would supplement the existing fuel tax. The proposal is needed to ensure that the revenue paid by commercial navigation users is sufficient to meet their share of the costs of capital investments on the inland waterways. It would enable a more robust level of matching funds from the general fund for such investments in the future.

In addition, the budget includes \$13.4 million to address dam safety issues at navigation dams at two projects (Locks and Dams 2, 3, 4, Monongahela River, Pennsylvania, and Lockport Lock and Dam, Illinois).

FLOOD RISK MANAGEMENT

Through both structural and nonstructural measures, the flood risk management program serves as a vehicle to reduce the risk to safety and property from riverine and coastal flooding. The fiscal year 2014 budget provides \$1.37 billion for the flood risk management program, which includes \$392 million for dam and levee safety.

This flood risk management program includes \$41 million to continue the levee safety initiative, which involves an assessment of the conditions of Federal levees. These funds will enable the Corps to better evaluate and communicate risk, for example, by providing information that will assist non-Federal entities in identifying safety issues with their levees. The Corps will be conducting levee inspections and levee risk screenings, adding to the data in the national levee inventory, and providing the available levee data to communities for their use in gaining accreditation under the Federal Emergency Management Agency's National Flood Insurance Program.

AQUATIC ECOSYSTEM RESTORATION

The fiscal year 2014 budget reflects a continuing effort by the Administration to have a coordinated approach for restoring five of the Nation's significant aquatic ecosystems. The Corps has been working collaboratively with other Federal resource agencies on this effort. Attachment 2 provides a list of these ecosystems and the Corps funding amounts budgeted on this basis.

[Attachment 2 follows:]

Attachment 2
FISCAL YEAR 2014 LARGE ECOSYSTEM FUNDING
[In millions of dollars]

Ecosystem Account ¹	Projects and Studies	Amount
	Bay Delta:	
I	Yuba Fish Passage .....	.1
I	CALFED Coordination .....	.1
I	Sac-San Joaquin Delta Island and Levee Study .....	.45
I	Sac-San Joaquin Comp Study .....	.47
I	Sac River Bank Protection .....	.5
C	Hamilton City	15
C	American River Common Features	2.5
C	Sac River Bank Protection	3
O&M	Additional studies and projects in Navigation and Flood Risk Management Programs	35.96
	Total, Bay Delta	58.08
	Chesapeake Bay:	
I	Chesapeake Bay Comp (new recon) .....	.3
I	Anacostia—Montgomery .....	.5
I	Anacostia—Prince Georges .....	.5
C	Chesapeake Oysters	5
C	Poplar Island	18.4
	Total, Chesapeake Bay	24.65
	Everglades:	
C	Everglades	88
O&M	Everglades	9.1
	Total, Everglades	97.1
	Great Lakes:	
I	Interbasin Control Study (GLMRIS)	3
C	Chicago Sanitary and Ship Canal (CSSC)	27.6
C	Green Bay Harbor	1.9
O&M	Dredging	78.75
	Total, Great Lakes	111.25
	Gulf Coast:	
I	LCA—studies, PED	5.29
I	Texas Coast Watershed (new recon) .....	.1
I	Louisiana Comp (new recon) .....	.1
C	LCA—construction	1
	Total, Gulf Coast	6.49

¹ Key: I=Investigation; C=Construction; O&M=Operation and Maintenance.

The budget for the Army Civil Works program provides \$97 million for the ongoing South Florida Ecosystem Restoration Program, which includes the Everglades, consisting of \$88 million in the Construction account and \$9 million in the Operation and Maintenance account. It also supports several other major ecosystem-wide initiatives, by providing a total of \$77 million in the aquatic ecosystem restoration program in support of Federal efforts in the California Bay-Delta, Chesapeake Bay, the Great Lakes, and the gulf coast.

The budget includes \$102 million for the Columbia River Fish Mitigation program, an ongoing effort to reduce the adverse impacts of a series of Corps dams on migrating endangered and threatened salmon. Funds will be used to construct juvenile fish bypass facilities, improve adult fish ladders and conduct other activities that support salmon habitat. The budget also provides \$70 million for ongoing work under the Missouri River Fish and Wildlife Recovery program to construct shallow water habitat and undertake other activities to recover and protect federally listed species, including the pallid sturgeon.

PLANNING IMPROVEMENTS

The Army continues to work to modernize the Civil Works Planning Program to better address the current and future water resources needs of the Nation. The Army has undertaken an aggressive review of all ongoing feasibility studies to focus on studies with the greatest probability of providing high economic, environmental, and safety returns to the Nation and ensure studies are appropriately scoped. Proposed changes are aimed at dramatically shortening the timeframe for completion of pre-authorization studies while retaining the quality of the analyses, reducing the cost of conducting planning studies, and increasing Corps corporate and individual accountability for decisions.

The fiscal year 2014 budget includes \$4 million for the Planning Support Program. These funds will be used to improve training of Corps planning personnel, including through the Planning Associates Program; support development and implementation of revisions to the Water Resources Principles and Guidelines in accordance with requirements in the Water Resources Development Act of 2007 (section 2031, Public Law 110-114); and improve the performance of our national planning centers of expertise.

REGULATORY PROGRAM

The budget includes \$200 million for the Regulatory Program to enable the Corps to protect high-value aquatic resources, enable more timely business planning decisions via a transparent and timely permit review process, and support sustainable economic development.

VETERANS CURATION PROJECT

In continued support of the President's Veterans Job Corps, the fiscal year 2014 budget includes \$3 million to continue the Veterans Curation Project, which provides vocational rehabilitation and innovative training for wounded and disabled veterans, while achieving historical preservation responsibilities for archaeological collections administered by the Corps. The project supports work by veterans at curation laboratories located in August, Georgia; St. Louis, Missouri; and the Washington, DC area.

CONCLUSION

In summary, the President's fiscal year 2014 budget for the Army Civil Works program is a performance-based budget that supports continued progress on important water resources investments that will yield long-term economic, environmental, and safety returns for the Nation and its citizens.

These investments will contribute to a stronger economy, support waterborne transportation, reduce flood risks to businesses and homes, restore important ecosystems, provide low-cost renewable hydropower, and deliver other benefits to the American people.

Madam Chairman and members of the subcommittee, I look forward to working with this subcommittee in support of the President's budget. Thank you.

Senator FEINSTEIN. Thank you very much. You're very concise, and it's very much appreciated.

Who would like to go next?

General, please. I think this is your first appearance before this committee, and we're delighted to have you here, so please feel welcome.

STATEMENT OF GENERAL THOMAS P. BOSTICK, COMMANDING GENERAL AND CHIEF OF ENGINEERS

General BOSTICK. Thank you, Madam Chairman, and members of the subcommittee. It's my honor to testify here before you, along with the Assistant Secretary of the Army for Civil Works, Jo-Ellen Darcy, on the President's fiscal year 2014 budget.

I'm also happy to be here with the Honorable Anne Castle and Michael Connor, great partners with the Corps of Engineers, and we look forward to working with them in the future.

As you said, Madam Chairman, this is my first time before the subcommittee, and I look forward to working with each of you. I've been in command for about a year, and I want to touch briefly on four of the campaign goals for the U.S. Army Corps of Engineers.

First, we must continue to support the warfighter with our work in the areas of operations for our combatant commanders and on U.S. installations around the world. Many of our deployed civilians have civil works experience, which supports the mission in theater and provides them with broadening experiences that will assist them when they return.

Second, we must transform civil works. That means modernizing our project planning process, enhancing the budget development processes, using a smart infrastructure strategy to evaluate our portfolio of water resource projects, and improving our methods of delivery.

Third, we must reduce disaster risk and continue to respond to natural disasters under the National Response Framework as well as our ongoing efforts with flood risk mitigation.

Fourth, we must prepare for tomorrow, positioning our workforce and our processes for future challenges and focusing on research and development efforts that will help solve the Nation's greatest challenges.

In 2012, the Corps of Engineers responded to several weather-related events, including Hurricane Sandy, under the National Response Framework in support of the Federal Emergency Management Agency (FEMA). Drought was a significant challenge as we experienced extraordinarily low-water levels on the middle Mississippi River.

The great men and women of the Corps worked tirelessly, together with our State, local, and industry partners, to ensure that we could deliver on our many commitments.

PREPARED STATEMENT

And this continues today as we face significant flooding in many parts of the country. It is through the efforts of our people and our partners at every level that we will work to continue to carry out the programs and projects included in the fiscal year 2014 budget.

Madam Chairman, I ask you and the other members to refer to my complete written testimony submitted to the committee for the specifics on the 2014 budget, and I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF LIEUTENANT GENERAL THOMAS P. BOSTICK

Madam Chairman and members of the subcommittee: I am honored to be testifying before your committee today, along with the Assistant Secretary of the Army for Civil Works, the Honorable Jo-Ellen Darcy, on the President's fiscal year 2014 budget for the Civil Works Program of the United States Army Corps of Engineers.

This is my first time before this subcommittee and I look forward to working with you. I have been in command of the U.S. Army Corps of Engineers for nearly a year, and I want to touch briefly on the four campaign goals for the U.S. Army Corps of Engineers (Corps) that are now in place. First, we must support the warfighter with our work in the areas of operations of Combatant Commands and on U.S. installations around the world. Second, we must transform Civil Works by modernizing the project planning process, by enhancing the budget development process, by using a smart infrastructure strategy to evaluate our portfolio of water resources projects, and by improving our methods of delivery. Third, we must reduce disaster risks and continue to respond to natural disasters under the National Response

Framework as well as our ongoing efforts with flood risk management. Fourth, we must prepare for tomorrow, positioning our workforce and processes for future challenges, and focusing on research and development efforts that will help solve the greatest challenges facing the Army and the Nation.

In 2012, the Corps responded to several weather-related events, including Hurricane Sandy, under the National Response Framework in support of Federal Emergency Management Agency (FEMA). Drought was a significant problem as we experienced extraordinarily low water on the middle Mississippi River. The great men and women of the Corps worked tirelessly, together with our State, local and industry partners, to ensure that we could deliver on our many commitments. It is through their efforts that we will continue to be able to carry out the projects and programs included in the fiscal year 2014 budget.

My statement covers the following 10 topics:

- Summary of Fiscal Year 2014 Budget;
- Investigations Program;
- Construction Program;
- Operation and Maintenance Program;
- Reimbursable Program;
- Planning Program Modernization;
- Efficiency and Effectiveness of Corps Operations;
- Value of the Civil Works Program to the Nation's Economy;
- Research and Development; and
- National Defense.

SUMMARY OF FISCAL YEAR 2014 BUDGET

The Corps is fully committed to supporting the Nation's priorities by contributing to the economy, improving the resiliency and safety of our water resources infrastructure, restoring and protecting the environment, and supporting American jobs. The fiscal year 2014 Civil Works budget is a performance-based budget, which reflects a focus on the projects and activities that provide the highest net economic and environmental returns on the Nation's investment or address significant risks to safety. This includes continuing the levee safety initiative and supporting increased interagency and stakeholder collaboration. These investments in projects and activities that support waterborne transportation, reduce the risk of flooding to businesses and homes, restore significant aquatic ecosystems, provide low-cost renewable hydropower, and support American jobs.

The budget focuses on high performing projects and programs within the three main water resources missions of the Corps: Commercial navigation, flood and storm damage reduction and aquatic ecosystem restoration. The fiscal year 2014 budget includes \$4.826 billion in gross discretionary funding—offset in part by a proposal to cancel \$100 million in unobligated carryover of funding appropriated prior to fiscal year 2013—to fund Civil Works activities, including work on more than 600 flood and coastal storm damage reduction projects, 178 coastal ports, and 193 lock projects.

The budget will also enable the Corps to process approximately 90,000 permit requests while protecting our Nation's waters and wetlands; operate 75 hydropower plants with 353 generating units that annually produce about 24,000 megawatts; meet about 14 percent of the Nation's municipal water needs; and sustain our preparedness to respond to natural disasters.

INVESTIGATIONS PROGRAM

The fiscal year 2014 budget provides \$90 million in the Investigations account and an additional \$10 million in the Mississippi River and Tributaries account to fund projects and activities that will enable the Corps to evaluate and design projects that are the most likely to be high performing within the Corps three main mission areas: Commercial navigation, flood and storm damage reduction, and aquatic ecosystem restoration.

CONSTRUCTION PROGRAM

The goal of the construction program is to deliver as much value as possible for the Nation from the available funds. The budget provides \$1.35 billion for the Construction account and \$113 million in the Mississippi River and Tributaries account to further this objective and gives priority to the projects with the greatest net economic and environmental returns per \$1 invested as well as to projects that address a significant risk to safety.

The Corps uses objective performance measures to establish priorities among projects. These include benefit-to-cost ratios for projects that are being funded pri-

marily due to their economic outputs and cost-effectiveness for the restoration of significant aquatic ecosystems. The selection process also gives priority to dam safety assurance, seepage control, and static instability correction projects and to projects that address a significant risk to safety.

OPERATION AND MAINTENANCE PROGRAM

All structures age over time with a potential decline in reliability. With proper maintenance and periodic rehabilitation, we can extend the effective lifetime of most of the facilities owned or operated by, or on behalf of, the Corps. As stewards of this infrastructure, we are working to ensure that its key features continue to provide an appropriate level of service to the American people. In some cases, this is proving to be a challenge.

The budget provides \$2.588 billion for the Operation and Maintenance (O&M) account and an additional \$156 million under the Mississippi River and Tributaries account with a focus on the maintenance of key commercial navigation, flood risk management, hydropower, and other facilities. The budget gives priority to those coastal ports and inland waterways with the most commercial traffic, and increases the total amount to be spent from the Harbor Maintenance Trust Fund to a level that is higher than in any previous budgets. The budget also funds small harbors that support significant commercial fishing, subsistence, or public transportation benefits. The budget provides operation and maintenance funding for safety improvements at Federal dams and levees based on the risk and consequence of a failure.

Generally, the O&M program supports completed works owned or operated by the Corps, including administrative buildings and laboratories. Work to be accomplished includes: Operation of the locks and dams along the inland waterways; dredging of inland and coastal Federal channels; operating multiple purpose dams and reservoirs for flood control, hydropower, recreation, and related purposes; maintenance and repair of the facilities; monitoring of completed coastal projects; and general management of Corps facilities and the land associated with these purposes.

The fiscal year 2014 budget provides \$204 million in Operation and Maintenance funds for hydropower, to maintain critical power components such as generators, turbines, transformers and circuit breakers at Corps hydropower facilities to keep them operating efficiently and effectively.

REIMBURSABLE PROGRAM

Through the Interagency and Intergovernmental Services Reimbursable Program, the Civil Works program helps other Federal agencies, State, local, and tribal governments, and other countries with timely, cost-effective implementation of their programs. These agencies can turn to the Corps, which already has these capabilities, rather than develop their own internal workforce to oversee design and construction projects. Such intergovernmental cooperation is effective for agencies and the taxpayer by using the skills and talents that we bring to our Civil Works and Military Programs missions. The work is principally technical oversight and management of engineering, environmental, and construction contracts performed by private sector firms, and is financed by the agencies we service.

We only accept agency requests that we can execute without impacting our Civil Works or Military Programs missions that are consistent with our core technical expertise and that are in the national interest.

PLANNING PROGRAM MODERNIZATION

Planning modernization includes a transformation of how the Corps Planning Program manages its portfolio of studies and delivers planning studies. In the past 2 fiscal years, to better manage its study portfolio, the Corps has significantly reduced the active study portfolio, from 650 to around 200 studies, roughly a 60-percent decrease, which enables us to focus available funding on the studies that are most likely to produce projects with high economic or environmental returns to the Nation or that address significant safety risk. To better deliver studies, the Corps has embraced a new planning process referred to as "SMART Planning" (Specific, Measurable, Attainable, Risk-informed, and Timely). SMART Planning is risk-informed, decision focused planning that utilizes a 6-step planning process, which emphasizes the scoping of our analyses based on what is necessary for decisions. This new approach reduces resource requirements—both time and money—by appropriately focusing on the key drivers in resolving problems while complying with all applicable laws.

The goal under SMART planning is to complete most feasibility studies within 3 years for \$3 million or less. The end product is a decision document that has been

fully coordinated by three levels of the organization (Corps Headquarters, the Corps Division, and the Corps District) from study inception to completion. As a short-hand, we are calling this new approach “3×3×3.” The Corps expects full implementation of this new approach in fiscal year 2014 and has been working with its Federal and non-Federal partners to use this new approach to evaluating water resources problems.

EFFICIENCY AND EFFECTIVENESS OF CORPS OPERATIONS

The Corps strives to continually improve the efficiency and effectiveness of its investigations, construction, and operation and maintenance programs. In fiscal year 2014, the Corps will further expand the implementation of a modern asset management program, dedicating an increased amount of its Operation and Maintenance funding for the highest priority maintenance work, while implementing an energy sustainability program that pursues major efficiencies in the acquisition and operations of its information technology assets, as well as finalizes the reorganization of the Corps acquisition workforce.

VALUE OF THE CIVIL WORKS PROGRAM TO THE NATION’S ECONOMY

The fiscal year 2014 budget provides \$28 million in the Flood Control and Coastal Emergencies account to prepare for emergency operations in response to natural disasters as well as \$2 million in the Investigations account for the Corps’ participation in the development and expansion of interagency teams, known as Silver Jackets, to collaboratively reduce the risks associated with flooding and other natural hazards. On a related note, the Corps Emergency Management Program not only includes Flood Control and Coastal Emergencies account, but also \$7 million in the National Emergency Preparedness Program. With this funding, the Corps prepares to help respond to man-made disasters or acts of terrorism, while assuring continuity of organizational operations.

Corps personnel from across the Nation continue to respond to the call for volunteers during national emergencies. The critical work they perform reduces the risk of damage to people and communities. In 2012, the Corps responded to several weather-related events, to include Hurricane Isaac, Hurricane Sandy and the prolonged drought in the middle Mississippi River Basin. Last year’s historic drought presented the Corps, our other Federal partners, and industry with quite a challenge in our efforts to maintain critical waterborne commerce and other authorized project purposes on the Mississippi and other waterways.

RESEARCH AND DEVELOPMENT

Civil Works program research and development provides the Nation with innovative engineering products, some of which can have applications in both civil and military infrastructure spheres. By creating products that improve the efficiency and competitiveness of the Nation’s engineering and construction industry and providing more cost-effective ways to operate and maintain public infrastructure, Civil Works program research and development contributes to the national economy.

NATIONAL DEFENSE

The Corps has vital work going on here at home and around the world, working in 132 countries, using both our Civil Works and Military Missions programs to support the Warfighter and to help Iraq and Afghanistan build foundations for democracy, freedom and prosperity. We are proud to serve this great Nation and our fellow citizens, and we are proud of the work the Corps does to support America’s foreign policy, particularly with our ongoing missions in Afghanistan and Iraq. Men and women from across the Corps—all volunteers and many of whom have served on multiple deployments—continue to provide critical support to our military missions there and humanitarian support to the citizens of those nations.

CONCLUSION

The fiscal year 2014 budget represents a continuing, fiscally prudent investment in the Nation's water resources infrastructure and restoration of its aquatic ecosystems. The Corps is committed to a performance-based Civil Works program, based on innovative, resilient, and risk-informed solutions.

Thank you, Madam Chairman and members of subcommittee. This concludes my statement. I look forward to answering questions you or other members of the subcommittee may have.

Senator FEINSTEIN. Thank you very much, General. Secretary Castle, would you like to go next please?

DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

**STATEMENT OF HON. ANNE CASTLE, ASSISTANT SECRETARY FOR
WATER AND SCIENCE**

Ms. CASTLE. Thank you. Good afternoon, Madam Chair, Senator Alexander, members of the subcommittee.

I appreciate the opportunity to talk with you this afternoon about the water-related programs of the Department of the Interior as proposed in the 2014 budget.

Commissioner Connor will address the specifics of the Bureau of Reclamation's 2014 budget request, and I will just highlight a few of our programs related to water, challenges in the West, and the development of renewable hydropower.

It's well-known that we're facing unprecedented challenges all across the Nation in connection with water but particularly in the West. This year is a very unfortunate example of that.

We have population growth, aging infrastructure, climate change impacts, the increased demand for water for energy development, and increased recognition of the water needs for ecosystem function. All of those are combining to put pressure on an already scarce resource. And I think this subcommittee recognizes those challenges better than anyone.

The Administration puts a high priority on meeting those challenges. The specific focus of Interior's WaterSMART (Sustain and Manage America's Resources for Tomorrow) program is to stretch and secure water supplies, and to provide tools to State and local water managers to move toward water sustainability and to allow increased reliability of water supplies.

Four years ago, we established a goal of facilitating an increase in available water supply of 790,000 acre-feet of water. That's a lot of water. It's about enough to serve a large city of approximately 1.5 million households, and we're on track to meet that goal.

Over the first 3 years, from 2010 to the end of 2012, Reclamation, through the WaterSMART program, has created savings of over 600,000 acre-feet of water.

In 2014, we propose to fund WaterSMART at \$35.4 million, and that will fund a number of different programs including: WaterSMART grants, which are cost-share grants that facilitate dozens of water efficiency projects; Title XVI Water Reclamation and Reuse projects that provide reliability and drought resiliency to municipal supplies; and the Basin Studies program, which is possibly the best tool that the Federal agencies can provide to State and local water managers, by convening a collaborative and proactive discussion around sustainability and identifying options and strategies to respond to any expected shortages.

Another very important focus of the Department is our New Energy Frontier initiative that encourages the development of renewable energy to reduce our dependence on foreign oil, to create jobs, and continue our leadership in the development of renewable energy technology. And hydropower is the way our water programs contribute to a clean and efficient renewable energy future.

Reclamation's hydroelectric power plants produce, on average, 40 million megawatt hours of electricity every year. That's enough to meet the needs of 3.5 million households.

Last year, Reclamation completed the second phase of its hydropower resource assessment. The first phase looked at hydropower potential on existing dams. The second phase looked at hydropower potential on canals and conduits owned by Reclamation. And that analysis concluded that we could generate a substantial additional amount of renewable energy by developing the capacity on Reclamation's canals. We'll get that generation through leases to the irrigation districts who operate the canals or through other private developers.

PREPARED STATEMENT

This budget also continues the effort to optimize Reclamation's existing hydropower operations to produce more energy with the same amount of water.

The budgets for the Department of the Interior and the Bureau of Reclamation support these energy and water priorities. We at Interior very much appreciate the support that this subcommittee has shown over the years for Reclamation's budget, and I look forward to answering your questions.

Thank you.

[The statement follows:]

PREPARED STATEMENT OF ANNE CASTLE

Madam Chair, Mr. Alexander, and members of this subcommittee: I am pleased to appear before you today to discuss the President's fiscal year 2014 budget for the Department of the Interior. I would also like to thank the members of this subcommittee for your efforts to enact a 2014 appropriation, and for your ongoing support for our initiatives.

The President's 2014 budget requests \$11.9 billion for the Department of the Interior. This budget sets priorities, and demands hard choices and sacrifices, to support those key priorities. Our budget supports responsible domestic energy development, advances an America's Great Outdoors strategy, and promotes a sustainable water future. The budget continues to advance our efforts in renewable energy and water conservation, cooperative landscape conservation, youth in the outdoors, and reforms in our conventional energy programs.

I will discuss the President's fiscal year 2014 budget for the Bureau of Reclamation, and the Office of the Central Utah Project Completion Act (CUPCA) Program, and the water-related programs of the U.S. Geological Survey. I thank the subcommittee for your continued support of these programs.

INTRODUCTION

Interior's mission—to protect America's natural resources and cultural heritage and honor the Nation's trust responsibilities to American Indians and Alaska Natives—is profound. Interior's people and programs impact all Americans.

The Department of the Interior is the steward of 20 percent of the Nation's lands including national parks, national wildlife refuges, and the public lands. Interior manages public lands and the Outer Continental Shelf, providing access for renewable and conventional energy development and overseeing the protection and restoration of surface-mined lands. Through the Bureau of Reclamation, Interior is the largest supplier and manager of water in the 17 Western States and provides clean, renewable hydropower resources used throughout the West. The Department supports cutting edge research in the earth sciences and collection and dissemination of scientific research and data to inform resource management decisions within Interior and improve scientific understanding worldwide. The Department also helps fulfill the Nation's unique trust responsibilities to American Indians and Alaska Natives, and provides financial and technical assistance for the insular areas.

The Department of the Interior makes significant contributions to the Nation's economy. We estimate that it supports over 2.4 million jobs and approximately \$385 billion in economic activity each year. Visits to our national parks, cultural and historic sites, refuges, monuments and other public lands contribute over \$48.7 billion annually in economic activity in 2011 from recreation and tourism. The American outdoor industry estimates that 1 in 20 U.S. jobs is in the recreation economy. The Department estimates the exploration and production of oil, gas, coal, hydropower, and minerals on Federal lands contributed nearly \$275 billion to the U.S. economy in 2011.

2012 ENERGY AND WATER ACCOMPLISHMENTS

Four years ago, Secretary Salazar set Interior on a course to create a comprehensive strategy to advance a new energy frontier; tackle the impacts of a changing landscape; improve the sustainable use of water; engage youth in the outdoors; and improve the safety of Indian communities. These priority goals integrate the strengths of the Department's diverse bureaus and offices to address key challenges of importance to the American public. Interior has been making progress in these areas, including:

In 2012, the Department of the Interior generated a total of \$13.7 billion in receipts benefitting the U.S. Treasury—from a combination of royalties, rents and bonuses from mineral, timber, and other natural resource development. In 2012, Interior held 31 onshore oil and gas sales, approved permits enabling more than 350 miles of transmission lines, and approved 112 new offshore deep-water well permits. Interior also progressed on significant renewable projects including the release of both competitive and noncompetitive offshore leases for wind energy and planning documents for one of the largest proposed solar energy projects on public lands in the California desert. In 2012, the Department met the 2015 goal established by Congress in the Energy Policy Act of 2005 by approving 10,000 megawatts of non-hydro renewable energy, beating the target 3 years early.

The Department also approved a 350 megawatt solar energy project on tribal trust land of the Moapa Band of Paiute Indians in Clark County, Nevada. The project marks a milestone as the first-ever, utility-scale solar project approved for development on tribal lands, a project is expected to generate enough power for an estimated 100,000 homes. Among the other actions the Department took in 2012 to advance the safe development of conventional energy sources on public lands and waters, we approved a land-into-trust application from the Three Affiliated Tribes of the Fort Berthold Reservation, the first in a series of necessary approvals that will enable the tribes to build the first U.S. refinery in decades, supporting American made energy, including domestic resources from the Bakken Formation, while also creating badly needed jobs.

Interior's WaterSMART Program, established in 2010, has assisted many communities in improving conservation, increasing water availability, restoring watersheds, resolving long-standing water conflicts, addressing the challenges of climate change, and implementing water rights settlements. Since 2009, the WaterSMART grant program has provided nearly \$94 million in funding to non-Federal partners, including tribes, water districts, and universities. In 2012, we provided \$12.2 million in funding for approximately 33 WaterSMART grant projects. In 2014, Reclamation anticipates initiating 27 new WaterSMART Grant projects, including many that will contribute to our Priority Goal for Water Conservation.

The Department worked with many State, local and NGO partners to implement short-term measures and develop a long-term action plan to help address water supply and environmental challenges in the California Bay-Delta area, invested nearly \$800 million in major water projects between 2009 and 2013, and moved forward on longstanding water availability and management issues in the Colorado River Basin.

FISCAL RESPONSIBILITY

Interior's 2014 budget must be viewed in the context of the complex mission that the Department of the Interior has and how the mission affects the lives of all Americans. Interior's \$11.9 billion budget reflects difficult choices, sacrificing in many areas, deferring projects, and programming savings for efficiencies in order to maintain funding for key priorities. The 2014 budget includes \$10.9 billion for programs funded by the Interior, Environment, and Related Agencies appropriation. The 2014 budget for Reclamation, including the CUPCA, is \$1 billion.

AMERICA'S GREAT OUTDOORS

The Administration continues to listen to the American public as they ask for protection and restoration of our outdoor landscapes and to expansion of opportunities for recreation through partnerships with States and others, and promotion of America's parks, refuges, and public lands. An important element in this effort is the restoration of our rivers to both protect the environmental and community benefits they provide and to secure future water supplies. By encouraging innovative partnerships in communities across the Nation, the Administration is expanding access to rivers and trails, creating wildlife corridors, and promoting conservation while working to protect historic uses of the land including ranching, farming, and forestry. As part of the America's Great Outdoors program, Interior is supporting signature projects in all States across the country to make parks accessible for children, create great urban parks and community green spaces, restore rivers, and create recreational water trails to power economic revitalization. Projects were selected in concert with governors, tribal leaders, private landowners, and other stakeholders, and were evaluated based on the level of local support, the ability of States and communities to leverage resources, and the potential to conserve important lands and promote recreation.

The 2014 America's Great Outdoors initiative focuses on investments that will lead to healthy lands, waters, and resources while stimulating the economy—goals that are complementary. Through strategic partnerships, Interior will support and protect historic uses of lands, restore lands and resources, protect and interpret historic and cultural resources, and expand outdoor recreation opportunities. All of these activities have significant economic benefits in rural and urban communities.

LEADERSHIP ON SUSTAINABLE WATER SUPPLIES

Interior is working to address the 21st century pressures on the Nation's water supplies. Population growth, aging water infrastructure, changing climate, rising energy demands, impaired water quality and environmental needs are among the challenges to already scarce supplies. Water shortage and water use conflicts have become more commonplace in many areas of the United States, even in normal water years. As competition for water resources grows, the need for information and tools to aid water resource managers also grows. Traditional water management approaches no longer meet today's needs.

Interior's 2014 budget continues to better equip land and water resource managers with the tools they need to effectively conserve resources in a rapidly changing environment. Significant changes in water availability, longer and more intense fire seasons, invasive species and disease outbreaks are creating challenges for managers and impacting the sustainability of resources on public lands. These changes result in bark beetle infestations, deteriorated range conditions, and water shortages that negatively impact grazing, forestry, farming, as well as the status of wildlife and the condition of their habitats. Many of these problems are caused by or exacerbated by climate change.

Reclamation continues to participate in and support to the Desert and Southern Rockies Landscape Conservation Cooperatives. These LCCs are partnerships between Interior and other Federal agencies, States, tribes, non-governmental organizations, and other stakeholders, to bring together science and sustainable resource conservation activities to develop science-based solutions to on-the-ground challenges from a changing environment within an ecological region or "landscape." The LCCs leverage the resources and expertise of the partners and work across jurisdictional barriers to focus on natural resource issues specific to a particular ecosystem or landscape. The Desert and Southern Rockies LCCs focus primarily on water related issues.

In 2010, the Secretary issued a Secretarial Order establishing the WaterSMART Program which embodies a new water sustainability strategy. WaterSMART coordinates Interior's water sustainability efforts, creates a clearinghouse for water conservation best practices and implements a Department-wide water footprint reduction program to reduce consumption of potable water by 26 percent by 2020. WaterSMART is a joint effort by Reclamation and the USGS.

Reclamation proposes to fund the rebased WaterSMART Program at \$35.4 million for water sustainability efforts, a decrease of \$11.7 million from 2012. The WaterSMART programs include: The WaterSMART Grant program funded at \$12 million; Basin Studies funded at \$4.7 million; and the Title XVI Water Reclamation and Reuse program funded at \$14 million; the existing Water Conservation Field Services program, funded at \$3.4 million; and participation by Reclamation in the Cooperative Watershed Management program, funded at \$250,000. In 2014, Reclamation anticipates initiating a new external water resources grants program of \$1

million for research and development of new technologies. The USGS 2014 budget includes \$22.5 million, an increase of \$14.5 million from 2012, for the USGS WaterSMART Availability and Use Assessment program.

In 2011, the Department adopted the WaterSMART Strategic Implementation Plan, which discusses the coordination of activities across bureaus and the contributions they will make in providing Federal leadership toward a sustainable water resources future. In 2011 we also released a report on a pilot project within the Colorado River Basin. This report represented a snapshot of Interior's WaterSMART activities within the Basin and demonstrates the diversity and significance of several ongoing Federal, State, tribal, local and non-governmental cooperative efforts that are underway.

The Department's budget includes \$4.7 million for Reclamation's Basin Studies program, a component of the WaterSMART initiative. The Basin Studies program funds Reclamation's partnerships with State and local entities to initiate comprehensive water supply and demand studies in the West.

In 2012, the Interior completed the Colorado River Basin Water Supply and Demand Study, the most comprehensive example of the value and breadth of the studies performed under this umbrella. This study was done in collaboration with a broad range of stakeholders, including the seven basin States, Native American tribes, communities, and conservation and recreational organizations. The study sought to define current and future imbalances in water supply and demand through 2060 in the Colorado River Basin and the adjacent areas of the basin States that receive Colorado River water, and to develop and analyze adaptation and mitigation strategies to resolve those imbalances.

Another historic milestone was achieved on the Colorado River in November 2012 when Secretary Salazar triggered the first "high-flow experimental release" at Glen Canyon Dam, under a new experimental long-term protocol to better distribute sediment to conserve downstream resources, while meeting water and power needs and allowing continued scientific experimentation, data collection, and monitoring on the Colorado River. The new protocol calls for experimental releases from the Dam through 2020 to send sediment downstream to rebuild sandbars, beaches, and backwaters to provide key wildlife habitat, enhance the aquatic food base, protect archaeological sites, and create additional camping opportunities in the canyon. We have also begun the process for updating the long-term plan of operations for Glen Canyon Dam to incorporate the scientific advancements that have occurred since the last plan was finalized, over 15 years ago.

We have a number of ongoing efforts to improve our management of resources on the Colorado River. With the successful negotiation of Minute 319 to the 1944 Colorado River Treaty, we are now actively engaged with the International Boundary and Water Commission, 7 basin States, and Mexico to implement its provisions and secure bi-national benefits associated with improved water management and environmental restoration of the Colorado River. With the completion of the Basin Study last December, which brought together many Colorado River stakeholders to assess long-term supply and demand imbalance in the basin, the Department is now working collaboratively with those same stakeholders to develop the critical next steps in addressing those imbalances.

We are actively pursuing workable solutions to regional issues such as in the California Bay-Delta. The Bay-Delta is a source of drinking water for 25 million Californians and sustains about \$400 billion in annual economic activity, including a \$28 billion agricultural industry and up until recently supported a thriving commercial and recreational fishing industry. Our efforts in the Bay-Delta are focused on working collaboratively with the State of California and co-leading a Federal interagency effort to address immediate water supply concerns associated with this year's drought and maintaining progress on long-term environmental restoration and water supply needs through the Bay-Delta Conservation Plan. Between 2009 and 2013, we have invested nearly \$800 million in water projects in California. This funding supports the co-equal goals of providing a more reliable water supply for California and protecting, restoring, and enhancing the Bay-Delta ecosystem.

INNOVATION THROUGH SCIENCE

Sustainable stewardship of natural resources requires strong investments in research and development in the natural sciences. Research and development funding is increased by \$143.6 million in the Department's 2014 budget, with R&D funding increases among all of the Interior bureaus, and particularly USGS with a \$38.9 million increase to fund R&D priorities in disaster response, hydraulic fracturing, coastal and ocean stewardship, and ecosystem restoration. The 2014 budget includes R&D funding of \$16.6 million for Reclamation to address climate change adaptation,

control invasive quagga mussels, improve desalination technologies, and promote renewable energy development.

NEW ENERGY FRONTIER

The 2014 budget continues Interior's New Energy Frontier initiative to create jobs and achieve greater energy independence. The Administration's blueprint for energy security focuses on safely and responsibly developing our domestic energy resources, including both conventional and renewable resources. The Department plays an important role by providing opportunities for safe and responsible development on public lands and on the U.S. Outer Continental Shelf.

HYDROPOWER

Hydropower is a very clean and efficient way to produce energy and is a renewable resource. Each kilowatt-hour of hydroelectricity is produced at an efficiency of more than twice that of any other energy source. Further, hydropower is very flexible and reliable when compared to other forms of generation. Reclamation has 476 dams and 10,000 miles of canals and owns 58 hydropower plants, 53 of which are operated and maintained by Reclamation. On an annual basis, these plants produce an average of 40 million megawatt (MW) hours of electricity, enough to meet the entire electricity needs of over 3.5 million households on average.

The Department signed a Memorandum of Understanding with the Department of Energy and U.S. Army Corps of Engineers on March 24, 2010, to increase communication between Federal agencies and strengthen the long-term relationship among them to prioritize the generation and development of sustainable hydropower. In 2011, Reclamation released the results of an internal study, the Hydropower Resource Assessment at Existing Reclamation Facilities, that estimated the Department could generate up to 1 million megawatt hours of electricity annually and create jobs by addressing hydropower capacity at 70 of its existing facilities. In 2012, Reclamation completed the second phase of its investigation of hydropower development, Site Inventory and Hydropower Energy Assessment of Reclamation Owned Conduits, as referenced in the 2010 MOU. While the first phase focused primarily on Reclamation dams, the second focused on constructed Reclamation waterways such as canals and conduits, and estimated the Department could generate over 365,000 megawatt hours of electricity annually by addressing hydropower capacity on 373 of its existing canals. In total, the two studies revealed that an additional 1.5 million megawatt-hours of renewable energy could be generated through hydropower at existing Reclamation sites.

The budget allocates \$1.1 million to increase clean renewable energy generation by exploring how renewable technologies including solar, small hydropower, and hydrokinetics can be integrated into Reclamation projects; by continuing the effort to optimize Reclamation hydropower projects to produce more energy with the same amount of water; by investigating hydro pump-storage projects that can help integrate large amounts of variable renewable resources such as wind and solar into the electric grid; and by working with tribes to assist them in developing renewable energy sources.

INDIAN WATER SETTLEMENTS

The Department has a unique responsibility to American Indians and Alaska Natives, which is upheld by Interior's support for a robust government-to-government relationship as demonstrated by a new comprehensive and transparent consultation policy that ensures there is a strong, meaningful role for tribal governments. Interior's 2014 budget includes \$99.7 million in the Bureau of Reclamation and \$35.7 million Bureau of Indian Affairs to implement land and water settlements.

The Claims Resolution Act of 2010 included four settlements that will provide permanent water supplies and economic security for the Taos Pueblo of New Mexico and Pueblos of New Mexico named in the Aamodt case, the Crow Tribe of Montana, and the White Mountain Apache Tribe of Arizona. The agreements will enable construction and improvement of reservation water systems, irrigation projects, a regional multi-pueblo water system, and codify water-sharing arrangements between Indian and neighboring communities. The primary responsibility for constructing water systems associated with the settlements was given to Reclamation; and BIA is responsible for the majority of the trust funds.

Reclamation is budgeting \$18.2 million in 2014 for the continued implementation of these four settlements and \$60.5 million for the Navajo-Gallup Water Supply project. Reclamation is proposing the establishment of an Indian Water Rights Settlements account to assure continuity in the construction of the authorized projects and to highlight and enhance transparency.

CENTRAL UTAH PROJECT

CUPCA, titles II–VI of Public Law 102–575, provides for completion of the Central Utah Project (CUP) by the Central Utah Water Conservancy District (District). The act also authorizes funding for fish, wildlife, and recreation mitigation and conservation; establishes an account in the Treasury for deposit of these funds and other contributions; establishes the Utah Reclamation Mitigation and Conservation Commission to coordinate mitigation and conservation activities; and provides for the Ute Indian Rights Settlement.

The 2014 budget proposes to reconsolidate the CUPCA Office and program into the Bureau of Reclamation. This consolidation is part of broader Administration efforts to implement good government solutions to consolidate and streamline activities. The CUP is the only water project within the Department of the Interior not managed by Reclamation. The proposed merger would correct that anomaly, ensuring that these projects receive equal and consistent consideration and treatment. Concerns about Reclamation's previous management and operation of the CUP have been addressed within Reclamation and corrected. The 2014 CUPCA budget is \$3.5 million, of this amount, \$1 million will be transferred to the Utah Reclamation Mitigation and Conservation Account for use by the Utah Reclamation Mitigation and Conservation Commission (Mitigation Commission). We propose to maintain both the Central Utah Project Completion and the Utah Reclamation Mitigation and Conservation Accounts for CUPCA appropriations after the proposed consolidation of the CUPCA Office into Reclamation in order to enhance transparency and ensure the continued direction of funding to the CUPCA Program.

CONCLUSION

Thank you for the opportunity to testify on behalf of the President's fiscal year 2014 budget for the Department of the Interior and the Bureau of Reclamation. I want to reiterate my appreciation for the longstanding support of this subcommittee. This budget has fiscal discipline and restraint, but it also includes forward looking investments. We have a tremendous opportunity to improve the future for all generations with wise investments in healthy lands, clean waters and expanded energy options.

I look forward to working with you to implement this budget. This concludes my testimony. I am happy to answer any questions that you may have.

Senator FEINSTEIN. Thank you very much, Madam Secretary.
Commissioner Connor.

STATEMENT OF HON. MICHAEL L. CONNOR, COMMISSIONER

Mr. CONNOR. Thank you, Madam Chair, Ranking Member Alexander, and members of the subcommittee, for the opportunity to discuss the President's fiscal year 2014 budget for the Bureau of Reclamation.

The overall request for Reclamation is \$1 billion, and I have submitted the detailed testimony for the record.

The budget reflects a comprehensive set of actions and initiatives that support the President's agenda to grow the economy and create jobs. Reclamation is proud that its mission continues to play an important role in providing a strong foundation for economic activity across the American West.

Over the last 4 years, Reclamation has worked with our partners at the State and local level to effectively use the resources provided by Congress to address an array of water resource challenges. This progress, however, does not diminish the serious ongoing challenge associated with drought, competing demands for a limited resource, and the long-term projections associated with climate change.

To continue our efforts to confront these challenges head on, the fiscal year 2014 budget request prioritizes the use of resources in five areas that I'll briefly discuss.

First, Reclamation's budget focuses on the resources necessary to operate and maintain its infrastructure. In particular, the safety

and reliability of Reclamation dams continues to be the highest priority. In 2014, 53 percent of the Water and Related Resources account is dedicated to operation, maintenance, and replacement (OM&R) activities, approximately \$418 million. Forty-seven percent is allocated to resource management and development.

The Dam Safety Program, which includes safety evaluations, corrective actions, and managing the Department's overall Dam Safety Program is proposed for \$88 million in funding.

Other OM&R activities include the Site Security Program with \$28 million in funding, and RAX, which is Replacements, Additions and Extraordinary Maintenance program, proposed to be funded at \$57 million.

Second, the budget supports the need to conserve and make more efficient use of our limited water resources. WaterSMART is key to this effort. WaterSMART concentrates on expanding and stretching limited water supplies to reduce conflict, facilitate solutions to complex water issues, and meet the growing needs in municipalities, domestic energy involvement, the environment, and agriculture.

Assistant Secretary Castle has already noted the goals and accomplishments achieved through the WaterSMART program. And, as noted, in 2014, we're seeking \$35 million for that effort.

Third, to support the Department's New Energy Frontier initiative, the budget allocates specifically \$1.1 million to support Reclamation's renewable energy initiatives. The funds will be used to continue efforts in exploring how renewable energy technologies, both hydro and nonhydro, can be added to and integrated with Reclamation projects.

Over the last 4 years, Reclamation has worked to collaboratively increase generating capacity at our facilities by over 110 megawatt hours through turbine upgrades and new units. We will continue to support efforts to add capacity to meet the Nation's electricity needs.

Supporting tribal nations is the fourth priority area. Reclamation has a longstanding commitment to the Secretary's goal of strengthening tribal nations. The 2014 budget supports the goal through fisheries restoration, rural water projects, and, most visibly, the implementation of Indian water rights settlements.

With respect to settlements, the budget includes significant funding towards implementing five settlements signed into law by President Obama, as well as other previously enacted settlements. Overall, the 2014 budget requests approximately \$100 million in support of Indian water rights settlements.

Ecosystem restoration is the fifth priority area. To keep producing power and delivering water in a sustainable manner, Reclamation must continue to focus on the protection and restoration of the aquatic and riparian environments affected by our projects.

In addition to fulfilling fundamental legal responsibilities, these restoration efforts typically have strong support by diverse stakeholders in communities seeking to achieve a sensible balance between consumptive use and recreational enjoyment of our precious water resources.

In the 2014 budget, Reclamation's river restoration programs are included in the America's Great Outdoors program of the Department. The request provides substantial funding for a number of

restoration programs in California, including the Central Valley Project (CVP) Improvement Act, San Joaquin River restoration, Trinity River restoration, and the Bay-Delta Conservation Plan (BDCP).

PREPARED STATEMENT

Our Endangered Species Act (ESA) recovery and compliance programs are making progress in practically all major river basins across the West. These programs are set forth in great detail in the budget.

Madam Chair, thank you for your continued support and leadership on water resource issues, particularly in these drought-stricken times. We appreciate the continued support the subcommittee overall has provided to Reclamation, and I'm happy to answer questions at the appropriate time.

[The statement follows:]

PREPARED STATEMENT OF MICHAEL L. CONNOR

Thank you Madam Chair, Mr. Alexander, and members of this subcommittee for the opportunity to discuss with you the President's fiscal year 2014 budget for the Bureau of Reclamation and the Central Utah Project Completion Act Program known as CUPCA.

I appreciate the time and consideration this subcommittee gives to reviewing and understanding Reclamation's budget and its support for the program. Reclamation works hard to prioritize and define our program in a manner that serves the best interest of the public.

Our 2014 budget continues support for activities that, both now and in the future, will deliver water and generate power, consistent with applicable State and Federal law, in an environmentally responsible and cost-effective manner. Overall, our goal is to promote sustainability, resiliency, and certainty for those who use and rely on water resources in the West. Success in this approach will help ensure that Reclamation is doing its part to support the basic needs of communities, as well as provide for economic growth in the agricultural, industrial, energy and recreational sectors of the economy. The budget is consistent with the President's pledge to reduce spending and focus on deficit reduction. The 2014 budget allows Reclamation to fulfill its core mission, but cost savings have been implemented where possible.

The budget also supports the Administration's and Department of the Interior's (Department) priorities to tackle America's water challenges; promote America's Great Outdoors and Cooperative Landscape Conservation; and support and strengthen tribal nations. The Department will continue the WaterSMART Program (with participation from both Reclamation and the U.S. Geological Survey) and Reclamation's budget reflects that priority.

Reclamation's 2014 budget is \$1 billion. Reclamation's budget request is partially offset by discretionary receipts in the Central Valley Project Restoration Fund, estimated to be \$53.3 million. The request for permanent appropriations in 2014 totals \$180.6 million. The budget proposes the establishment of an Indian water rights settlement account and a discretionary appropriation for the San Joaquin River Restoration Fund.

As the largest supplier and manager of water in the 17 Western States and the Nation's second largest producer of hydroelectric power, Reclamation's projects and programs are critical to driving and maintaining economic growth in the Western States. Reclamation manages water for agricultural, municipal and industrial use, and provides flood control and recreation for millions of people. Reclamation activities, including recreation, have an economic contribution of \$46 billion, and support nearly 312,000 jobs. Reclamation's 58 hydroelectric power plants generate over 40 million megawatt hours of electricity to meet the annual needs of over 3.5 million households and generate over \$1 billion in gross revenues for the Federal Government on an annual basis. It would take more than 23.5 million barrels of crude oil or about 6.8 million tons of coal to produce an equal amount of energy with fossil fuel. As a result, Reclamation facilities eliminate the production of over 27 million tons of carbon dioxide that would have been produced by fossil fuel power plants.

The 2014 budget allocates funds to projects and programs based on objective, performance-based criteria to most effectively implement Reclamation's programs and its management responsibilities for its water and power infrastructure in the West.

WATER AND RELATED RESOURCES

The 2014 budget for Water and Related Resources, Reclamation's principal operating account, is \$791.1 million, a decrease of \$109.3 million from the 2013 Full Year Continuing Resolution (Public Law 112–175). This decrease is due, in part, to shifts in funding of \$78.7 million for the establishment of the Indian Water Rights Settlement Account and \$26 million for a discretionary appropriation within the San Joaquin Restoration Fund. Other significant changes include the completion of authorized construction on the Mni Wiconi Project this year, and an increase in the Central Valley Project for court ordered drainage requirements.

The 2014 budget includes a total of \$373.3 million at the project/program level for water, energy, land, and fish and wildlife resource management and development activities. Funding in these activities provides for planning, construction, water sustainability activities, management of Reclamation lands including recreation areas, and actions to address the impacts of Reclamation projects on fish and wildlife.

The budget also provides a total of \$417.8 million at the project/program level for the operation, maintenance, and rehabilitation associated with Reclamation's water and power facilities. Reclamation emphasizes safe, efficient, economic and reliable operation of facilities, ensuring systems and safety measures are in place to protect the facilities and the public. Providing adequate funding for these activities continues to be one of Reclamation's highest priorities.

HIGHLIGHTS OF THE FISCAL YEAR 2014 BUDGET FOR WATER AND RELATED RESOURCES

I would like to share with the committee several highlights of the Reclamation budget. Even in this tight fiscal climate, Reclamation's budget continues to promote and support efficient water management; increased renewable energy production; the construction of new infrastructure and sound maintenance of existing facilities; restoration of aquatic environments; and the continued use of applied science and new technologies to help ensure sustainable water deliveries and energy production. As a result, Reclamation continues to play an important role in providing a strong foundation for economic activity across the American West.

WaterSMART Program.—The 2014 budget continues to focus resources on stretching limited water supplies in the West to reduce conflict, facilitate solutions to complex water issues, and meet the growing needs of expanding municipalities, domestic energy development, ongoing environmental challenges such as drought, climate change, and agriculture. In particular, the WaterSMART (Sustain and Manage America's Resources for Tomorrow) program is directly aligned with the Department's Priority Goal for Water Conservation. Through title XVI and cost-shared WaterSMART Grants and through the Bureau's other conservation related programs, Reclamation has already helped facilitate the conservation of 616,000 acre feet of water from 2010 through 2012. Reclamation's current goal is to conserve a cumulative total, since 2009, of 790,000 acre feet of water by the end of 2014.

Reclamation proposes to fund WaterSMART at \$35.4 million. There are now six complementary programs that will participate in WaterSMART: The WaterSMART Grant program funded at \$12 million; Basin Studies funded at \$4.7 million; the Title XVI Water Reclamation and Reuse program funded at \$14 million; the Water Conservation Field Services program funded at \$3.4 million; \$1 million for a new external water resources grants program called the Shared Investment Water Innovation Program; and the Cooperative Watershed Management program, funded at \$250,000.

In 2014, Reclamation will continue developing and implementing approaches to understand, and effectively adapt to landscape-level conservation challenges, including the impacts of climate change on western water management. The Basin Studies program is part of an integrated strategy to respond to changing impacts on the resources managed by Interior, and is a key component of the WaterSMART initiative. In 2014, the Basin Studies program will continue West-wide risk assessments, coordinated through the Department's Landscape Conservation Cooperatives (LCCs) and focus on the threats to water supplies from changing weather patterns. Reclamation will continue to participate in and lead the Desert and Southern Rockies LCCs. Included within Reclamation's Science and Technology program is water resources research targeting improved capability for managing water resources under multiple drivers, including a changing climate. This research agenda will be collaborated and leveraged with capabilities of the Interior Climate Science Centers.

Supporting Renewable Energy Initiatives.—To support the Administration's New Energy Frontier initiative and the Renewable Energy priority goal, the 2014 Reclamation budget allocates \$1.1 million for a pilot initiative to increase renewable generation by exploring how renewable energy technologies, including solar, small hydropower, and hydrokinetics, can be integrated into Reclamation projects. Reclamation will continue the effort to facilitate the development of sustainable hydropower; optimize Reclamation hydropower projects to produce more energy with the same amount of water; explore hydro pump-storage projects that can help integrate large amounts of variable renewable resources such as wind and solar into the electric grid; and work with tribes to assist them in developing renewable energy sources. These important projects can help produce cleaner, more efficient renewable energy.

Strengthening Tribal Nations.—Reclamation has a long-standing commitment to realizing the Secretary's goal to strengthen tribal nations. The 2014 budget continues to support that goal through a number of activities and projects ranging from ecosystem restoration to rural water infrastructure and the implementation of water rights settlements. The budget includes \$7.4 million for the Native American Affairs Program to continue support of Reclamation activities with Indian tribes. These activities include providing technical support for Indian water rights settlements and assisting tribal governments to develop, manage, and protect their water and related resources. Also, the office provides policy guidance for Reclamation's work with tribes throughout the organization in such areas as the Indian trust responsibility, government-to-government consultations, and Indian self-governance and self-determination.

Rural Water Projects.—The budget includes construction funding for five ongoing projects specifically authorized by Congress where Reclamation conducts design and construction to deliver potable water supplies to specific rural communities in the West. Reclamation has worked diligently to make meaningful progress in constructing authorized rural water projects consistent with current fiscal and resource constraints with the goal of delivering potable water to tribal and non-tribal residents within the rural water project areas.

Reclamation has proposed \$40 million in funding for Reclamation's on-going authorized rural water projects. Specifically, the budget includes \$17.8 million for obligatory operation and maintenance of tribal features for two projects—the Mni Wiconi Project, (South Dakota) and the Garrison Diversion Unit of the Pick-Sloan Missouri Basin Program, (North Dakota)—and \$22.2 million in construction funding combined for five of the projects: Garrison Diversion Unit; Lewis and Clark Rural Water System, (South Dakota, Iowa, Minnesota); Fort Peck Reservation/Dry Prairie Rural Water System, (Montana); Rocky Boys/North Central Montana Rural Water System, (Montana); and Eastern New Mexico Water Supply Project, (New Mexico). Construction funding for the Mni Wiconi Project will be completed in 2013.

Dam Safety Program.—A total of \$88.1 million is budgeted for Reclamation's Safety of Dams program. This includes \$66.5 million directed to specific dam safety modifications, of which \$24.6 million is for work at Folsom Dam. Funding also includes \$20.3 million for safety evaluations of existing dams and \$1.3 million to oversee the Interior Department's Safety of Dams program.

Site Security.—A total of \$27.8 million is budgeted for site security to ensure the safety and security of the public, Reclamation's employees, and key facilities. This funding includes \$6.4 million for physical security upgrades at high risk critical assets and \$21.4 million to continue all aspects of bureau-wide security efforts. This includes law enforcement, risk and threat analysis, personnel security, information security, and guards and patrols.

America's Great Outdoors (AGO) Program.—In order to meet Reclamation's mission goals of generating power and managing water in a sustainable manner for the 21st century, one focus of its programs must be the protection and restoration of the aquatic and riparian environments affected by its operations. In 2014, additional river restoration programs within Reclamation are included in the AGO program.

Reclamation's river restoration helps reduce environmental conflicts and litigation, as evidenced by the San Joaquin River Restoration program, where 18 years of litigation was settled providing restored water flows and reintroduction of salmon to the River, as well as certainty on water and power delivery to customers. Restoration programs support tribal needs in restoring fisheries affected by water and power operations as demonstrated by the Trinity River Restoration program which is re-establishing the physical process and rescaling the Trinity River as a foundation for fishery recovery. Restoration programs also develop valuable conservation skills for people working on projects, as seen on the Lower Colorado River Multi-Species Conservation program among others.

The 2014 budget provides \$152.5 million to operate, manage, and improve California's Central Valley Project. Within this total, \$14 million and an additional \$2 million in the Central Valley Project Restoration Fund is for the Trinity River Restoration program, and \$38.2 million continues actions required for drainage services in the West San Joaquin Division, San Luis Unit.

The budget provides \$27.8 million for Lower Colorado River Operations to fulfill the role of the Secretary as Water Master for the Lower Colorado River. This amount includes \$18.2 million for the multi-species conservation program which provides long-term Endangered Species Act compliance for the river operations.

The budget includes \$21.2 million for Endangered Species Act Recovery Implementation programs including \$10.1 million in the Great Plains Region for the Platte River Endangered Species Recovery Implementation program, which provides measures to help recover four endangered or threatened species, thereby enabling existing water projects in the Platte River Basin to continue operations, as well as allowing new water projects to be developed in compliance with the Endangered Species Act. This program also provides \$8.5 million for the Upper Colorado and San Juan River Endangered Fish Recovery programs. This funding will continue construction of a system that automates canal operations to conserve water by matching river diversions with actual consumptive use demands and redirecting the conserved water to improve instream flows. The budget also provides \$18 million for the Columbia/Snake River Salmon Recovery program. This funding will be used to implement the required Biological Opinion actions which include extensive hydro actions that vary downstream flow regimes and tributary habitat and hatchery improvements as offsets for the impacts of the Federal Columbia River Power System operations.

The 2014 budget includes \$18 million for the Klamath project, which supports studies and initiatives to improve water supplies to meet the competing demands of agricultural, tribal, wildlife refuge, and environmental needs along with facilities operations and maintenance activities.

The 2014 budget includes \$25.9 million for the Middle Rio Grande project, of which \$10.2 million will continue funding endangered species activities and Reclamation's participation in the Middle Rio Grande Endangered Species Act Collaborative program. Funds support the acquisition of supplemental non-Federal water for Endangered Species Act efforts including low flow conveyance channel pumping into the Rio Grande during the irrigation season. Further, funding will be used for recurring river maintenance necessary to ensure uninterrupted and efficient water delivery to Elephant Butte Reservoir, reduce the risk of flooding, as well as meeting water delivery obligations to Mexico.

The Yakima River Basin Water Enhancement project budget is \$8 million, which will stretch water supplies, continue funding grants to implement conservation measures, and monitor the effects of those measures on the river diversions.

CENTRAL UTAH PROJECT COMPLETION ACT

The 2014 budget proposes to consolidate the CUPCA program with the Bureau of Reclamation, while maintaining a separate appropriation account for CUPCA. This consolidation is part of broader Administration efforts to implement good government solutions to consolidate and streamline activities when possible. The proposed merger would ensure that all major Federal water projects within Interior are managed by Reclamation, ensuring that these projects receive equal consideration and treatment. The 2014 CUPCA budget is \$3.5 million. Of this amount, \$1 million will be transferred to the Utah Reclamation Mitigation and Conservation Account for use by the Mitigation Commission.

CENTRAL VALLEY PROJECT RESTORATION FUND

The 2014 budget includes \$53.3 million for the CVPRF. This budget is indexed to 1992 price levels and determined on the basis of a 3-year rolling average, not to exceed \$50 million. These expenditures are offset by collections estimated at \$53 million from mitigation and restoration charges authorized by the Central Valley Project Improvement Act. The fund supports a number of programs authorized by the CVPIA, including anadromous fish restoration and the acquisition and delivery of water to State and Federal wildlife refuges.

CALIFORNIA BAY-DELTA RESTORATION

The 2014 budget includes \$37 million for CALFED, pursuant to the CALFED Bay-Delta Authorization Act. The budget will support implementation of the Bay Delta Conservation Plan, under the following program activities: \$1.7 million for a

Renewed Federal-State Partnership, \$9.9 million for Smarter Water Supply and Use, and \$25.5 million for Habitat Restoration.

SAN JOAQUIN RIVER RESTORATION FUND

The 2014 budget funds activities consistent with the settlement of *Natural Resources Defense Council v. Rodgers* as authorized by the San Joaquin River Restoration Settlement Act. The Act included a provision establishing the San Joaquin River Restoration Fund to implement the provisions of the Settlement. The Settlement's two primary goals are to restore and maintain fish populations, and restore and avoid adverse water impacts. Under the Settlement, the legislation provides for approximately \$2 million in annual appropriations from the Central Valley Project Restoration Fund for this purpose, as well as permanent funds of \$88 million. The legislation also authorized discretionary appropriations and Reclamation proposes \$26 million for the San Joaquin Restoration Fund account in 2014.

INDIAN WATER RIGHTS SETTLEMENTS

The 2014 budget strongly supports Reclamation's role in fulfilling obligations set forth in several congressionally authorized Indian water rights settlements. Funding in 2014 includes \$78.7 million for implementation activity. Of this amount, \$18.2 million is for implementation of the four settlements included in the Claims Resolution Act of 2010. These settlements will deliver clean water to the Taos Pueblo of New Mexico, the Pueblos of New Mexico named in the Aamodt case, the Crow Tribe of Montana, and the White Mountain Apache Tribe of Arizona. Reclamation is proposing the establishment of an Indian Water Rights Settlements account to assure continuity in the construction of the authorized projects and to highlight and enhance transparency in handling these funds.

In addition to the four settlements, the account also budgets \$60.5 million for the on-going Navajo-Gallup Water Supply Project (authorized in title X of Public Law 111-11). The total for Reclamation's implementation of Indian Water Rights Settlements in 2014 is \$159.7 million, \$99.7 million in discretionary funding, and \$60 million in mandatory funding available in 2014, which is provided in title VII of the Claims Resolution Act of 2010.

POLICY AND ADMINISTRATION

The 2014 budget for the Policy and Administration appropriation account, the account that finances Reclamation's central management functions, is \$60 million.

PERMANENT APPROPRIATIONS

The total permanent appropriation in 2014 of \$180.6 million includes \$110.1 million for the Colorado River Dam Fund and \$60 million for Reclamation's Indian Water Rights Settlements account.

CAMPAIGN TO CUT WASTE

Over the last 3 years, the Administration has implemented a series of management reforms to curb growth in contract spending, terminate poorly performing information technology projects, deploy state-of-the-art fraud detection tools, focus agency leaders on achieving ambitious improvements in high priority areas, and open Government up to the public to increase accountability and accelerate innovation.

In November 2011, President Obama issued an executive order reinforcing these performance and management reforms and the achievement of efficiencies and cost-cutting across the government. This executive order identifies specific savings as part of the Administration's Campaign to Cut Waste to achieve a 20-percent reduction in administrative spending from 2010 to 2013 and sustain these savings in 2014. Each agency is directed to establish a plan to reduce the combined costs associated with travel, employee information technology devices, printing, executive fleet services, and extraneous promotional items and other areas.

The Department of the Interior is on target to reduce administrative spending by \$217 million from 2010 levels by the end of 2013, and to sustain these savings in 2014. To meet this goal, the Department is leading efforts to reduce waste and create efficiencies by reviewing projected and actual administrative spending to allocate efficiency targets for Bureaus and Departmental Offices to achieve the 20-percent target. To contribute to that goal, the Bureau of Reclamation is targeted to save \$13 million in administrative costs by the end of 2014.

FISCAL YEAR 2014 PRIORITY GOAL FOR WATER CONSERVATION

Priority goals are a key element of the President's agenda for building a high-performing government. The priority goals demonstrate that they are a high value to the public or that they reflect achievement of key Departmental milestones. These goals focus attention on initiatives for change that have significant performance outcomes which can be clearly evaluated, and are quantifiable and measurable in a timely manner. Reclamation's participation in the Water Conservation priority goal helps to achieve these objectives.

Reclamation's water conservation efforts are critical to sustain the economy, environment, and culture of the American West. Competition for finite water supplies is increasing because of population growth, ongoing agricultural demands, and increasingly evident environmental needs. With increased emphasis on domestic energy development, additional pressure is placed on limited water supplies, as significant amounts of water may be required for all types of energy development. At the same time, climate change, extended droughts, and depleted aquifers are impacting water supplies and availability.

In response to these demands, by the end of 2014, Reclamation's goal is to enable the capability to increase available water supply for agricultural, municipal, industrial, and environmental uses in the Western United States by a cumulative total of 790,000 acre feet, since 2009, through its conservation-related programs, such as water reuse and recycling (title XVI), and WaterSMART grants.

Moreover, Reclamation's Water Conservation program addresses a range of other water supply needs in the West. It plays a significant role in restoring and protecting freshwater ecosystems consistent with applicable State and Federal law, enhancing management of our water infrastructure while mitigating for any harmful environmental effects, and understanding and responding to the changing nature of the West's limited water resources.

Finally, the 2014 budget demonstrates Reclamation's commitment to meeting the water and power needs of the West in a fiscally responsible manner. This budget continues Reclamation's emphasis on managing those valuable public resources. Reclamation is committed to working with its customers, States, tribes, and other stakeholders to find ways to balance and provide for the mix of water resource needs in 2014 and beyond.

CONCLUSION

This completes my statement. I would be happy to answer any questions you may have at this time.

Senator FEINSTEIN. Thank you very much, Commissioner.

Let me thank the four of you. You were short, sweet, and to the point, and it's very much appreciated, so thank you and thank you for your service.

Commissioner Connor, I'd like to confine my questions this round to you, if I may. First, I want to thank you for including the extension of the CALFED Bay-Delta program. I think that's very helpful, and it's very much appreciated.

I believe my staff distributed to you some numbers, and I'd like to ask that they put up this chart.

[The chart follows:]

SOUTH OF DELTA CVP AG SERVICE CONTRACTORS—2013 WATER NEED & SUPPLY

Annual Minimum Water Need	787,070 af (40 percent Allocation or Allocation Equivalent Supply)
Current Water Supplies:	
CVP Allocation (20 percent)	393,535 af
Stanislaus River—Oakdale Irrigation District	* 35,000 af
Total	428,535 af
Current Unmet Minimum Need	358,535 af

SOUTH OF DELTA CVP AG SERVICE CONTRACTORS—2013 WATER NEED & SUPPLY—
Continued

Potential Additional Water Sources:	
Groundwater Banking Supplies	* 20,000 af
Transfers	* 166,000 af
Rescheduled Water	225,000 af
Total	411,000 af

* estimated

Senator FEINSTEIN. We are going into the driest year in history in California. We've been there, done that in 2010. You know what the ramifications are on the economy, on unemployment. The allocation, I believe, is 20 percent now to farmers south-of-the-Delta.

The issue is they can't plant with 20-percent allocation. It is my belief, after talking to literally hundreds of them, that you need at least 40 percent. This happened, as you'll recall, in 2010. I think we got it up to 45 percent so they could, in fact, plant.

We took a look at the figures, and I want to compliment the bureau for being on the ball. I read your April 15 press release from the mid-Sacramento region, which spoke to a number of administrative changes you were contemplating, and that's very much appreciated.

Let me quickly run through these figures, the annual minimum water need—now this is 40-percent allocation for farms—is 787,070 acre-feet. The current water supplies in the CVP allocation is 393,535 acre-feet. The Stanislaus River Oakdale Irrigation District is 35,000 acre-feet. That's an estimate. So the total is 428,535 acre-feet, and the unmet need just so they can plant and hire contractors and know that they can have a season is 358,535 acre-feet.

It is my understanding that in groundwater banking supplies, there is an estimate of an additional 20,000 acre-feet in water transfers. As you know, we've been very eager, and I backed legislation, which is now law for east-west, north-south transfers. The intertie is going into effect between the State water project and the Federal water project. Transfers of about 166,000 acre-feet and rescheduled water, which was water that's rescheduled from last year that hasn't been used, which some people I know believe it's due them, but nonetheless, it's new water and that's 225,000 acre-feet. Now that totals 411,000 acre-feet.

So if these administrative changes were done and able to be done, it's my understanding that we could get up to 40 percent and perhaps 45 percent of the water allocation.

Now this is for some 40,000 farms. This is a big deal. So could you respond to that?

Mr. CONNOR. Yes, absolutely, Senator.

I think, with respect to the current water supplies, between the allocation and the other actions that we're taking, those are the numbers that we know of at this point in time. I would point out a couple of aspects of that.

First of all, this is kind of an all-hands-on-deck approach to trying to secure additional water supplies.

Senator FEINSTEIN. I understand.

Mr. CONNOR. In doing so, particularly with respect to the ground-water banking supplies, transfers, and rescheduled water, we're working hand-in-hand with our contractors. They're providing the resources to secure transfers. They're working with us to do contracts to bring in water into the project. We can store it. We can deliver it through our facilities. We're using the State Water Project as a partner to also move some water that they've secured north-of-the-Delta through State facilities so that it can come south-of-the-Delta.

So it's a great collaborative partnership based on necessity. We're continuing to try to improve upon that, because the situation is dire. As you noted, a 20-percent allocation is not enough to sustain the level of economic activity that's needed.

We're taking these other actions that are necessary to get to a bare minimum. I think the 800,000 figure for a minimum water need is really bare economic sustainability. Even at that level, you're going to have significant fallowing. You're going to have significant loss of economic activity.

So our goal is to continue these actions, to take some additional actions that we need. There are more opportunities for transfers above the 166,000 acre-feet this year.

I was out in California yesterday, meeting with some of the general managers. If there's any good thing about the limited hydrology this year, it is that there's capacity now to move water through our facility, so we're going to try and build upon those actions.

Senator FEINSTEIN. Thank you very much. And I know you know the arena well, and I am so grateful for your work, because it could be just catastrophic without it, so thank you, thank you.

I have more, but we'll do it the next round.

The distinguished vice chairman.

Senator ALEXANDER. Thanks, Madam Chairman.

Secretary Darcy, do you like to fish?

Ms. DARCY. I haven't done much fishing, but the times I have, I've enjoyed it.

Senator ALEXANDER. Well, you know lots of Americans do like to fish. We have 900,000 Tennesseans who bought fishing licenses last year. I'm reading John Meacham's book about Thomas Jefferson. He had a passion for fishing.

Do you know where they really like to fish?

Ms. DARCY. I bet it might be Tennessee?

Senator ALEXANDER. No. Well, Tennessee's a good place.

It's below the dams. According to Mr. Meacham, he said Thomas Jefferson loved to fish below the dam on the Rivanna River because that's where the fishing's best.

So in Tennessee, Tennesseans like to fish below the Tennessee Valley Authority (TVA) dams on the Tennessee River and below the Alcoa dams on the Little Tennessee River. And they like to fish on the 10 Corps dams on the Cumberland River, but you've stopped them from fishing below the dams.

You've done that despite the fact that Ed Carter, director of the Tennessee Wildlife Resources Agency, who is chief of boating for 19 years, appointed by the Secretary of Homeland Security on the National Boating Safety Board—he's our top boating safety person in Tennessee—says, "If there's a lot of water pouring through the spill

gates, we can understand the restrictions. Otherwise, our boating accident reports indicate anglers have a good safety record below dams. We don't see a rational reason to prevent them from fishing there."

Here's what your lawyer said—your former lawyer, Jerry Martin—he defended you after the national floods, won all the cases. He's President Obama's appointee as United States Attorney in the middle district of Tennessee. He said, "These waters belong to the citizens." He retired last week.

He said, "In light of the tremendous protection from liability enjoyed by the Corps, I don't think it's reasonable of the Corps to ban everyone at all times from these public places."

If the waters are dangerous only 20 percent of the time on the Cumberland River, why are you restricting them 100 percent of the time when you've never done that before. TVA doesn't do it on the Tennessee River. Alcoa doesn't do it on its dams. That's like putting the railroad crossing down in front of the railroad track 100 percent of the time? The track's not dangerous if the train's not coming, and the water's not dangerous if the water's not spilling through the dams.

Why don't you work with the affected States and come up with an alternate way to do that, as they've offered many, many times and you've refused to do?

Ms. DARCY. Senator, we have met with your constituents, in both Kentucky and Tennessee, to discuss options about how to continue to be able to provide a safe place below the dam.

Our policy has been that public safety is our number 1 concern.

Senator ALEXANDER. But you haven't insisted on that for the last 17 years. You've never kept people from fishing below the dams on the Cumberland River, ever.

Ms. DARCY. Not on the Cumberland River, that's correct.

Senator ALEXANDER. No.

Ms. DARCY. But we've had several fatalities, more than 14 fatalities in that area.

Senator ALEXANDER. But according to the people who are in charge of boating safety in Tennessee and Kentucky, they think the safety record there is no worse than the safety record above the dams. And they've offered to work with you to ensure even more efforts without restricting it 100 percent of the time.

Ms. DARCY. Senator, we believe that the amount of water coming out of that dam is a hazard and is dangerous more than 80 percent of the time. And that's why we're having the 24/7 restriction.

We're also accommodating some of the concerns by having signage and buoys put up at this time, seeing what effect that will have in order to provide for the public—

Senator ALEXANDER. Well, you're restricting for the first time on the Cumberland River these dams.

You know, I've talked with you and everybody, all the way up the line on the Corps of Engineers. The United States Senate has passed a unanimous resolution telling you not to do it. We got 49 State Senators have introduced the Freedom to Fish Act to change it permanently.

We've got bipartisan support, your own lawyer, former lawyer. The U.S. Attorney says you're being unreasonable. Both the State of Kentucky and Tennessee say you're being unreasonable.

We don't need a big brother holding our hands while we're fishing down in Tennessee or Kentucky or any other place.

And it's more than fishing. I mean, you're really thumbing your nose at the elected officials of the people of this country. We're article I. You're article II. You ought to be paying attention to our judgment on this, especially when so many Members of Congress of both sides of the aisle have made themselves clear on this, and when you have clear examples with TVA and Alcoa of safe ways to discourage people.

I mean, we don't need a government that's big enough to interfere with us, when we have enough sense to get off the train track when the train's coming and to get out of the water the 80 percent of the time when it's not spilling through the dam.

So here's what I'm going to do, and I regret having to do this, but I'm going to do this until I get the attention of the Corps of Engineers. If you're not going to pay attention to the elected representatives of the people of Tennessee and Kentucky and other States, I'm not going to pay attention to your judgment.

You've got a large number of accounts in the Corps of Engineers. And often, you have to move money from one account to the other in order to do something that, in your judgment, you want to do. You've got 9 major accounts, 918 project accounts. And in order to move that, you need the permission of the chairman and me in order to do it.

You're not going to get my permission. You're going to find it very hard to get my approval for any reprogramming requests for the Corps of Engineers anywhere in the country until I get the Corps' attention on this issue and some reasonable attitude.

And if that doesn't get your attention, I'm going to work with my colleagues to reduce the programming requests down to \$1,000, so any reprogramming you'd have to do over \$1,000 would have to come back through me, through Senator Feinstein, and through the chairman and ranking member in the House.

I regret having to do that, but I'm not going to allow the Corps to thumb its nose at the entire United States Senate on an issue that a lot of people in our State care about.

General BOSTICK. Senator, I could follow up.

Senator FEINSTEIN. General.

General BOSTICK. My commander made the decision. My district commander made the decision. I fully supported that, and that support was endorsed by Secretary Darcy.

We have not had that enforced in that part of the country in the past, and we realized that when the Department of Defense (DOD) inspector general (IG) investigated and found that we were not adhering to our own policies.

Complicating that is the number of deaths that occurred, deaths with folks that were wearing life vests that we cannot predict what is going to happen to them. We can't really predict when it's going to be dangerous. It's clearly going to be most dangerous when the water is flowing. But the main thing was it was a safety issue. We've had examples of deaths.

We are not thumbing our nose at the Congress. Certainly, not to you, sir. And we will continue to work with the local community.

There was going to be a cable that was going to be put across the water. We've made a decision to only put buoys and signs up and to try to work with the locals as best we can.

They can fish from the banks, but I'm a fisherman, and I still understand the dangers inside that part of the—

Senator ALEXANDER. Well, Madam Chairman, I'll come back in the second round.

They can also fall off the banks, General, and someone did. But I've made my point. I'll come back to it in the second round of questions.

Senator FEINSTEIN. Thank you very much.

General, you're new to this. This is a very reasonable member, I think 99.9 percent of the time. My strong advice would be to try to work something out with him.

So let me move on to Senator Landrieu.

Senator LANDRIEU. Thank you, Madam Chair. And I really appreciate you and the ranking member and your advocacy to really try hard to find additional funding for the Corps. I think this budget is woefully underfunded.

I know that you have restrictions about what you can testify to in that regard before this committee, so I'm going to ask the question in this way. You have \$1.6 billion for new construction. What do you know are on your books now for new construction, either the backlog or the authorized for new construction for the country? What you have now, not with the new water bill that is authorizing yet additional projects.

Ms. DARCY. Our current backlog is about \$60 billion worth of projects.

Senator LANDRIEU. So you have a backlog of \$60 billion of construction waiting to happen, and you have \$1.6 billion in this budget.

Ms. DARCY. That's correct.

Senator LANDRIEU. Do you have a rough estimate of what the new water bill, which is actually on the floor as we speak, will be authorizing in new construction? A rough estimate based on the mark that came out of the committee?

Ms. DARCY. I don't know if it's—

Senator LANDRIEU. Could you get that for this committee?

Ms. DARCY. I know the WRDA 2007 was \$23 billion. I'm not quite sure the number is in this bill.

Senator LANDRIEU. WRDA 2007, the last bill was \$23 billion.

Ms. DARCY. Correct.

Senator LANDRIEU. So we can assume that this 2014 bill will be at least that.

Ms. DARCY. I would think so, because we have several Chief's Reports that would probably be included in the bill. The CBO score is—

Senator LANDRIEU. What is it?

Ms. DARCY [continued]. \$12 billion.

Senator LANDRIEU. \$12 billion.

So, Madam Chair, we are really in a struggle here. And of course, the chairman knows that and has been leading the effort

to try to find a solution, which brings me to the strange situation that the administration is currently, knowing these figures, \$1.6 in the bill, needing \$60 plus potentially more, the administration is not supporting using the Harbor Maintenance Fund, which generates, I think—what is the number? \$1.7 billion is collected annually, but this budget only provides \$890 million from the Harbor Maintenance Fund, which is a 5-percent increase, which is better than 2013.

What is the thinking here, with this budget being so short of what is necessary? In addition, the administration is still opposing the use of the taxes collected by the industry for the dredging to not be appropriated to this budget.

Ms. DARCY. Senator, within the existing budget constraints, we feel that \$890 million out of the Harbor Maintenance Trust Fund is the amount that is necessary under these circumstances.

Senator LANDRIEU. Well, it's not necessary under the circumstances of the reality of life, which is that one-third of the time, the busiest 59 harbors in the United States—two-thirds of the time, the busiest 59 harbors in the United States aren't even at their authorized dredge.

And what's happening is, with increased trade and transportation coming in, larger ships, heavier ships, more cargo, because of the free trade and fair trade agenda that we bipartisally support, our harbors and rivers just cannot take that increased capacity without increased investment.

And this Administration has offered no solutions that I know of to solve this.

And my third question in my last minute is: Are you familiar with the Modified Charleston Method, which is a method used to mitigate against the loss of wetlands?

Colonel Fleming in our State has been working, thank God, in a wonderful way with our local delegations to try to modify this approach, so that the mitigation associated with essential levee and related flood control structures along existing established flood protection alignments should require minimal mitigation when the local sponsor can demonstrate their efforts can avoid or minimize negative environmental impacts.

Are you aware of this effort? And will you be generally supportive of our efforts to build levees at a reasonable cost, which is actually saving property and wetlands as well?

Ms. DARCY. Yes, Senator. And as a result of your questioning for us last year, Colonel Fleming of our New Orleans district has met not only with stakeholders but has reviewed what's called the Modified Charleston Method in reviewing our permitting and has gotten to a place where one of the modifications that we made has actually saved a number of acres required for mitigation because we've calculated the value of those acres differently.

So that modification was a result of the consultation, and I think that's been a good outcome.

Senator LANDRIEU. Good. And I will just add—I know my time is off—but, Madam Chair, we're doing everything we can to build levees in the most cost-effective way to protect, whether it's the Sacramento Valley or the gulf coast, whether it's Alabama, Mississippi, or Louisiana.

If we can't build these levees in a cost-effective way, even the money that we are, you know, heroically trying to send your way cannot reach the need unless we work through some of these difficult issues. So thank you for that.

Senator FEINSTEIN. And I thank the Senator.

Let me read the list. It is Senator Cochran, Murkowski, Shelby, Collins, and Hoeven.

Senator Cochran.

Senator COCHRAN. Madam Chairman, thank you. I'm pleased to join you and other members of the committee in welcoming our distinguished panel to review the budget request for the next fiscal year relating to matters under your jurisdiction.

I don't know of any other bill that is taken up by Congress under the jurisdiction of the Appropriations Committee more important to the environmental infrastructure in our State than those coming from the subcommittee's recommended appropriations of this subcommittee.

I wonder, in considering that and the importance of these activities, whether there are any specific projects that are currently under development as proposals for funding that affect the State of Mississippi.

Do any of you have a list broken down with States or State jurisdictions that show where the Federal dollars are going to go in our State?

Ms. DARCY. Senator, is your question about what is currently funded in the President's budget for Mississippi?

Senator COCHRAN. For any purpose in this Energy and Water appropriations budget request.

Ms. DARCY. In our budget book, we have a list by State of what projects are included in the President's budget. I can provide that to you, but those would be just Army Corps of Engineers projects.

Senator COCHRAN. Well, my staff had indicated to me that there was a—they said there were none. And I thought, well, that's hard to believe. And I was just curious, is that right?

Ms. DARCY. We have ongoing projects in the State of Mississippi for which we have budgeted operation and maintenance activities. I don't believe we have any new construction money in Mississippi.

Senator COCHRAN. I think that's what I was referring to.

Ms. DARCY. But there is no—

Senator COCHRAN. Request for funding of any project.

Ms. DARCY. A project specific—

Senator COCHRAN. In the State of Mississippi.

I was just curious. We couldn't find one. My staff tells me they couldn't find one.

Ms. DARCY. I will have to check, Senator.

As I said, in the budget book, it lists all of the funding that's being requested by State.

Senator COCHRAN. One other concern that I have is that in reviewing the budget request, there is considerable attention being paid to the problems that hurricanes have caused to the Louisiana, Mississippi, Alabama, and maybe Texas, as well, the gulf coast area, that have been savaged during Hurricane Katrina that we can all remember, but in other hurricane seasons as well since then.

I wonder if you've had an opportunity to review the status of those projects that have been approved and been funded to determine whether or not they are on schedule, behind schedule. Do you have any problems in complying with the funding requests that are being approved by Congress to direct activities to help defend against hurricanes in the future?

Ms. DARCY. Senator, we have, as you know, various flood risk reduction projects and coastal storm damage reduction projects around the country.

One example is what we have looked at as a result of Superstorm Sandy in the Northeast. We have some coastal storm damage reduction projects—in particular, on the coast of New Jersey and some in New York—that performed the way they were designed.

In other words, a lot of damage was prevented because of those projects. And you could see it. General Bostick and I went up the day after the storm and saw the difference between those areas that had a Corps of Engineers coastal storm damage reduction project and those that did not.

It's a very long beach coastline, and you could see the difference.

So as a result of that, we're also doing an evaluation of what worked and what other kinds of projects we would want to have in the future, because I think Superstorm Sandy showed us, as well as Katrina, that these storms are going to be bigger and fiercer in the future.

Senator COCHRAN. There was one indication of funding being requested in the Mississippi River and tributaries project that looks as though it might actually divert water from the Louisiana coastal area to the Mississippi Gulf Coast area.

I'm not making any judgment on that. I'm not an engineer, and I can't look at a map or a technical report and make that judgment, and so I'm not making that judgment personally.

But it has a lot of people in my State concerned that that's what one of the proposals in this budget request that's been submitted would, in fact, do. Could I get the assurance of the general or the secretary or someone that you'll look at the budget request and verify or deny that that is a project that is being seriously considered by the administration?

Ms. DARCY. I'll commit to you to take a look at that, Senator.

Senator COCHRAN. Thank you very much.

Senator FEINSTEIN. Thank you very much, Senator.

Senator Murkowski.

Senator MURKOWSKI. Thank you, Madam Chairman.

And welcome to each of you this afternoon.

General Bostick, I want to start with you, with a pretty local question here. And this relates to Fort Greely and an energy savings performance contract that was awarded out there in 2012.

That installation, as you may recall, is currently powered off of an old fuel oil boiler.

I was in Fort Greely and in Delta just a few days ago, and I learned for the first time that the Huntsville Engineer's center was talking about this energy savings performance contract with Siemens to look at a biomass plant. And there was a great deal of discussion amongst the community there as to whether or not biomass

using local timber, blow-downs or harvesting, was preferable to a barley proposal.

Let's just say there were plenty of arguments and discussion on both sides of it. But what I learned from that was that Huntsville has not gone out to visit the community on this. Apparently, they've been relying on Siemens and the local garrison public affairs staff for any community interaction.

The community interaction has not been the best. I would like your commitment that the Corps will hold a public meeting in Delta Junction to explain where we are with this project, how the public can participate in it, and how it moves forward.

It was just a little bit disconcerting to walk into a very small community next to this very important installation and realize that there was that much dissension amongst the community members as to what may or may not be happening with this energy project.

So I would ask for your commitment to get involved with that and see what we can do to provide a level of comfort to the folks in the region.

General BOSTICK. Senator, you do have my commitment on that. I would say that the biomass part of the project has not been awarded. And we're keenly aware that we need to be absolutely transparent with the local community.

Huntsville, they're experts at this, as is the Alaska District, but we'll work together with the entire team to make sure the Federal, the local, and the State are all involved.

Senator MURKOWSKI. And I understand that the reason it hasn't been awarded is because there is some open-endedness about what that feedstock might be, but therein lies the rub with the community. So the more transparent I think you can be with the local people there, the better. And I would appreciate that, so thank you for that.

And I also appreciate your trip up to Fairbanks. The people of the community really appreciated your presence there at the military appreciation event, so thank you.

Secretary Darcy, I want to ask you about what we're seeing up in the Arctic right now; clearly an area that is under a lot of attention and a lot of focus, rightfully so.

We've got circumpolar maritime shipping. We've got resource development activity. We have just engagement in the Arctic. But our infrastructure and emergency response is pretty inadequate.

The Army Corps has partnered with the State of Alaska to plan for ports within the Arctic region, which is a good thing. The group has suggested that private industry will most likely drive the development of Arctic infrastructure.

So the question to you is whether or not the Corps is prepared and, probably more importantly, actually able to work with private industries to develop these Arctic ports or whether or not we need new legislative authorities to take us in this direction.

Ms. DARCY. Senator, I think we're positioned to be able to do that with local partners and the private sector.

Senator MURKOWSKI. Okay. Well, that's something that we definitely want to work with you on.

And another area that we have been working on, I think we've all shared our frustration about where we are with the earmark

moratorium and our inability to fund projects that don't have a high enough cost-benefit ratio. And in Alaska, that is our story time after time after time again.

You've got a small village of, say, a couple thousand people, at best. You're never going to stack up against the Port of Long Beach or wherever.

And so what we've done, working with you on the small, remote, and subsistence projects, has been very important. We've begun the funding on that, but I guess I'd ask how you feel this is benefiting the civil works program, not only within the State, but around the country with our small, remote, and subsistence projects.

Ms. DARCY. As you know, the small and remote subsistence harbors, as you say don't compete well for the limited funding. But as far as small projects that don't have the highest benefit-to-cost ratios, I think going forward we're going to be able to look at more than just the benefit-to-cost ratio when making budget determinations and supporting projects.

The Principles and Guidelines that we follow in order to make the determination of what's in the best national interest for funding a project are being revised. And in the past, we have always had to look at the national economic development benefit as being a driving force.

That will now be one of several other considerations, including the impact to the local community and other things. So we're going to be able to have a broader range of considerations in making those decisions in the future.

Senator MURKOWSKI. Which I think is hugely important, because if you're a small village, coastal community, your economy is dependent on the water, and you need that small port.

So I appreciate you working with us.

Thank you, Madam Chairman.

Senator FEINSTEIN. Thank you, Senator Murkowski.

Senator Shelby.

Senator SHELBY. Thank you, Madam Chairman.

Madam Chairman, thank you for making my opening statement part of the record.

Last year, the U.S. Army Corps of Engineers Institute for Water Resources released a report on how Congress should address the need for additional port and inland waterway modernization to accommodate post-Panamax vessels. I'm sure you're familiar with this.

The report found, among other things, that while ports on the east and west coasts will be able to accommodate expanded container vessels that will be transiting, there is a lack of post-Panamax capacity at ports in the South.

Do you agree, Secretary Darcy, with the report's assessment that the need for expansion is most critical in the Southeast and along the gulf coast?

Ms. DARCY. Yes, Senator. That's the report we prepared in response to your and Senator Graham's amendment.

Senator SHELBY. What steps are you taking to meet the new demands that have been recommended? And is there existing room within the Corps budget to meet ongoing needs and future port ex-

pansions and dredging and so forth in the coming years? Or do you need more money? What are you going to need?

Ms. DARCY. In looking at the needs, there always seem to be more needs than there is funding. However, what we're doing currently is looking at the port expansions. We have an ongoing study looking at deepening the Port of Charleston.

We currently have a Chief's Report here before the Congress that recommends deepening the Port of Savannah. One's an ongoing study. The other is ready to go. We just need the authorization.

Senator SHELBY. One down near Mobile?

Ms. DARCY. We don't have that one yet.

Senator SHELBY. You don't? Why not?

Ms. DARCY. We haven't had authorization to do that deepening study for Mobile.

Senator SHELBY. You've had authorization to do that. Hasn't Mobile been authorized to go from 45 to 55 feet by law already?

Ms. DARCY. I believe that's correct, Senator.

Senator SHELBY. Okay. So what do we need to move the barge down the water?

Ms. DARCY. Well, we clearly, as you state, have a need in order to remain competitive with the post-Panamax vessels, in order to accommodate them on the east coast as well as the west coast and the Northeast. There's the Port of New York and New Jersey which will be at 50 feet at the end of 2015. And currently, Baltimore and Norfolk can accommodate ships that deep as well, at the 50-foot level.

Senator SHELBY. Would you think a port that had a 55-foot channel located on the gulf coast, would probably attract a lot of vessels?

Ms. DARCY. I expect it would, Senator.

Senator SHELBY. Okay, thank you.

Senator FEINSTEIN. Thank you, Senator Shelby.

Senator Collins.

Senator COLLINS. Thank you, Madam Chairman.

Secretary Darcy, I think you can see from the conversations that we're having and the questions that you're getting that there is a great need around our country when it comes to dredging and maintenance of our ports and harbors.

I will point out to my colleagues that in eastern Maine, in Eastport, we have a harbor that already could accommodate the Panamax vessels, because it is naturally so deep, but it would require some infrastructure improvements. We'd welcome help with that, of course, as well.

But I think that the reason that you hear a lot of concern is that ports and harbors are the economic lifeblood for many of our smaller communities. And funding for maintenance dredging is absolutely critically important to supporting the economies of these communities. And that fact is not completely accounted for under the Army Corps budget metrics, which tends to favor the larger ports.

I do appreciate the fact that there is money in the President's budget for some important projects in Maine. But I would like to highlight the \$30 million for operations and maintenance projects

at small, remote, or subsistence navigation harbors and waterways that the committee has included in recent years.

What funding is proposed under the fiscal year 2014 budget request to meet the dredging and maintenance needs of our Nation's smaller ports and harbors? And how do you respond to the argument that the formula used, the metrics used by the Corps, puts these smaller ports and harbors at a disadvantage?

Ms. DARCY. Senator, I believe for the low-use subsistence harbors, it is \$34 million in the 2014 request. I'm going to ask staff. It was \$34 million 2 years ago and \$43 million in the budget request for this year, for the low-use harbors.

And in response to the overall way that we make determinations in prioritizing the funding, one Senator mentioned earlier that 59 of our commercial high-use harbors get the majority not only of the commerce—90 percent of the commerce pass through those 59 harbors—but they get the majority of the funding, because they're the highest commercial use harbors.

Senator COLLINS. But, you know, those smaller ports and harbors are as critical to the communities in which they're located as the big harbors are to the large communities that benefit from them, in terms of economic activity.

In March, Senator King and I wrote to you about a specific project in Maine involving the Royal River in Yarmouth, Maine. And you responded in a letter dated April 4, and you agreed that the shoaling that is happening is adversely affecting the commercial and recreational boating activities.

Well, the impact goes beyond just the marina, which is very adversely affected. It affects all the related businesses along the river. And it's a perfect example, from the loss of the business at the local marina to the commercial fisherman unable to head to sea, and there's also a significant safety issue, it's a perfect example of a small town that is very much affected if the dredging and the maintenance is not done.

I want to raise the issue of cost-sharing, because this community has offered to pay for part of the cost, recognizing the pressures on the Army Corps budget. Are you open to cost-sharing arrangements with communities that desperately need to have maintenance dredging, in recognition of the budget difficulties that the Corps faces?

Ms. DARCY. Senator, we are open to a local community or a local sponsor contributing funds of their own for such maintenance.

Senator COLLINS. I hope you will work with me on this issue, because this is so important to the community that they are willing to pay part of the cost. And it seems to me that that ought to move them up on the priority list, since they're willing to bear part of the cost of the dredging.

I know my time has expired. I would ask, Madam Chairman, that I be able to submit for the record some additional important questions that are relevant to harbors in my State.

Senator FEINSTEIN. Of course. And the record will remain open for that.

Senator COLLINS. Thank you.

Senator FEINSTEIN. Thank you very much, Senator.

Senator Hoeven.

Senator HOEVEN. Thank you, Madam Chairman. And I'd like to thank you and our ranking member for having this hearing.

I'm also going to actually start out by thanking the Corps of Engineers, Secretary Darcy, General Bostick, and also General Walsh, who is right behind you, for the work that all of you did on behalf of the Fargo-Moorhead Red River Valley Region of North Dakota and Minnesota. Once again, we've had flooding there. That makes 4 out of the last 5 years.

You have been deeply involved, not only in the annual flood fight, but in the permanent flood protection. We thank you for that very much.

That project is part of the WRDA bill, which I believe will move forward. And so I guess what I would like to just start out with, General Bostick, is just asking for your continued help on that project.

This is a case where 55 percent of the costs will be borne locally. So actually, the Federal Government goes from 75 to 90 percent of the costs in the annual flood fight, to the permanent project where it's only 45 percent. And we have permanent protection, instead of fighting that perennial flood.

I just would like an update from you in terms of your understanding of the project, your willingness to continue to help and support. And of course, I'd like to invite you to come out and see us, too.

General BOSTICK. Senator, I do understand the importance of the project. And we are committed to keeping that as one of the key projects that we continue to look at to make sure that, as we go through the budgeting process, that it gets a fair review.

I know the troops that are up there doing the flood fighting have worked hard over the last four floods that have occurred. And we've kept a close eye on them and provided the kind of support that we can from here, and visited them when we could.

Senator HOEVEN. Yes. It's absolutely our number 1 project. It's two States, North Dakota and Minnesota. Your help has been very much appreciated. Your continued help is really needed.

General BOSTICK. We will do that.

Senator HOEVEN. Secretary, I'm going to bring up the subject you probably can guess, because you and I have talked about it many times. And I'm going to start with a question. If the State of North Dakota or South Dakota or Nebraska or Kansas or Missouri were to draw water out of the Missouri River, would you charge them for that? If they were to draw water out of the Missouri River, or would you say they're entitled to that water?

Ms. DARCY. That is a determination made by the States. It's a State water rights issue.

Senator HOEVEN. So the States have water rights. They're entitled to water from those rivers, you would say?

Ms. DARCY. Yes, sir.

Senator HOEVEN. But if a State gives up land so that you could flood that land in order to protect other States downstream, and then they were to draw some of their water out of that reservoir, you then would say they should be charged for that? That's fair and appropriate, in your opinion?

Ms. DARCY. Under the two statutes, both the Flood Control Act of 1944 and the Water Control Act of 1958, the Corps of Engineers is required to charge a reasonable price for water at its projects.

Senator HOEVEN. So they've been shirking their responsibility for over 60 years? Is that what you're saying? So the Corps has been not following the law for 60 years, is that what you're saying?

Ms. DARCY. No, sir. There are two different statutes. One provides water supply storage. The other is for surplus storage. Under the surplus storage, we have not been charging.

Senator HOEVEN. So it gets to pick and choose which law it follows?

Ms. DARCY. I wouldn't put it that way. I believe that we are bound by the law to charge a reasonable price.

Senator HOEVEN. My next question is, so if you continue a study and, for any reason, at the end of the study, decide to charge all of these States for water, hopefully, you'll come to the right conclusion, which is to not charge them. But if you should, you understand that there will be litigation, because that's been promised by States up and down the river.

So I'm wondering, do you have a line item in your budget to cover the costs of that litigation from the States?

Ms. DARCY. No, Senator, we do not. What's currently being developed within the Army Corps of Engineers is a proposal to go out for a public rulemaking on what the reasonable costs should be for surplus water storage contracts.

Senator HOEVEN. I want to submit to you that the Corps cannot pick and choose which laws it follows. And if you charge, that would be indicating that for more 60 years, you have not followed the law, that you will encounter litigation if you decide to charge.

And I would certainly encourage you in this study to make the right determination, which is that, in fact, these States are entitled to water, which you've just acknowledged if they draw it out of the river. And to punish them for providing land to protect downstream interests from flooding is not a reason to charge them for water.

You can respond if you'd like. I mean, I'm trying to encourage a certain outcome here.

Ms. DARCY. Hopefully, our rulemaking will give an outcome that is acceptable to all.

Senator HOEVEN. And I will say, too, we have strong disagreement—or we potentially have strong disagreement here. Hopefully, not. You have been helpful to us on many issues. And I hope this will be another one. And I thank you for all the times you have been helpful.

Senator FEINSTEIN. Thanks, Senator. Thank you very much.

Senator Tester.

Senator TESTER. Well, thank you, Madam Chair.

I wasn't even going to talk about this stuff, but Senator Hoeven, you got it going. If this is an issue of following the law or not following the law, you have not been in this position but the last 4 years, correct?

Ms. DARCY. Not quite 4.

Senator TESTER. Not quite 4 years. And so maybe we ought to change the law, if that's it. If it's a rule, you can change the rule. But maybe we ought to just change the law, if that's the case, be-

cause I agree with Senator Hoeven. You can't pick and choose on which laws to follow.

But you haven't been the one in this position for the last 60 years.

Ms. DARCY. No.

Senator TESTER. Commissioner Connor, how are you doing?

Mr. CONNOR. Very good, sir.

Senator TESTER. Good. It's good to have all of you here, by the way.

We're going to talk rural water projects, as we always do. And I appreciate the work that you've done, and the rest of the folks on the panel.

Look, the rural water projects in the budget, that was cut 40 percent. One of the projects is done. And I assume that you dropped the money off for that project. And I don't know if that was the entire 40 percent, but certainly a part of it.

My question is, I mean, we are so badly funded, deficient in those areas. Why can't you keep the money in there, is the question?

Mr. CONNOR. The answer, and I'm not quite sure how good the answer will be from your perspective, but it starts with, of course, the intense competition for very limited resources.

The example I would give is that our net budget authority in the 2014 budget is about \$995 million, the same as it was in 2013, the same as it was in the Omnibus Appropriations bill in 2012. So we've been holding steady at that level, which in this budget climate is not a bad place to be.

But the way we do our budget is that, as I kind of laid out in my opening statement, we take care of the basic infrastructure, our operational requirements. That's priority one. Then we have legal obligations.

So we've got big increases in that area of legal obligations, Indian water rights settlements. We have a drainage case where we're under a court order. And we've got the San Joaquin River Restoration program. Those settlements, court orders, legal obligations are about a \$65 million increase over what they were in the 2013 budget. And so, in a budget that holds steady, we had to, unfortunately, make some decisions on those things that are very good projects, extremely necessary, incredibly important to those communities, but, unfortunately, there's just not enough resources. And so that's the basis for the reduction of funding.

Senator TESTER. Yes, I mean, I appreciate that. I do appreciate that. The two projects in Montana are Indian water settlement. So the obligations you talk about are here.

Here's the problem, and my staff gave me the correct numbers. We're in a \$360-some million project. We're getting about \$5.4 million. And we're going to be at this thing after my grandkids are older than me, if that's the case.

And so if you can help us to figure out how we can get by this, I would certainly appreciate it, because these projects, we'll never see them done. I've been working on these since 1998, so we're looking at 15 years. And in some cases, we're making progress, but we've got to have money to continue.

Mr. CONNOR. Yes, sir.

Senator TESTER. So, thank you. And thank you for your work.

Secretary Darcy, you're working on rehabilitating irrigation at intake for pallid sturgeon. We've visited in the past on this issue. There are two issues, delivering water to irrigators and making sure the pallid sturgeon are adequately recovered on the river.

What's the process you've used to engage the local stakeholders, as the project moves forward?

Ms. DARCY. At intake?

Senator TESTER. Yes.

Ms. DARCY. We have engaged with local stakeholders. We've also consulted with the Bureau of Reclamation, as well as the U.S. Fish and Wildlife Service, in order to find a way forward on the intake structure there and to build the right kind of facility. We've gone back and forth whether it should be a ramp, or something else—but now we have an agreement with the U.S. Fish and Wildlife Service. We also have a pending memorandum of understanding (MOU) with the Bureau of Reclamation on that project. We've provided \$20 million in the President's budget for that intake.

Senator TESTER. Okay. So the bypass channel has been settled?

Ms. DARCY. Yes.

Senator TESTER. You know what you're going to do?

Ms. DARCY. Yes.

Senator TESTER. Okay, good. All right, let me talk a little bit about flood insurance and accreditation and all that good stuff with Army Corps versus FEMA. And we want to try to get the regs harmonized so that groups aren't ping-ponged.

There's a taskforce that released its final report in July—well, it's due to be released.

Ms. DARCY. Correct.

Senator TESTER. Some of the language that we've got from that I was a little unclear about. It talks about narrowing the gaps for communities and accreditation being sought. It talks about reducing the costs for the owners and operators.

I thought the intent was to close the gaps and eliminate the costs.

Ms. DARCY. I think the intent is to close the gaps. I'm not sure about totally eliminating the costs. What the MAP-21 language did was direct us to establish the task force and do this cooperative study with FEMA. We are trying to harmonize our programs in a way that the data that's collected by the Corps of Engineers can be used by FEMA and the local sponsor, in order to help them get their accreditation.

We're trying to make sure that what we're collecting fits for both purposes.

Senator TESTER. We'll be watching. And thank you very much.

I just want to say one thing in closing, Madam Chair. Senator Murkowski talked about an earmark ban that we have been dealing with. And I've got to tell you, it's a proven fact; it doesn't save one doggone nickel. And if folks from the Republican side of the aisle would work with folks on our side of the aisle, I think we could make this place functional again, quite frankly, through the appropriations process.

So, Senator Alexander, if you want to pass that along to your troops, I'd certainly love to work with them on it.

Thank you very, very much, Madam Chair, Ranking Member.

Senator FEINSTEIN. Thanks, Senator Tester. I appreciate that. What it, in essence, means is that the legislative powers of the Senate are very much curtailed.

Senator TESTER. We've granted them to the Obama administration.

Senator FEINSTEIN. It's all the President. So if you have a President that doesn't like a certain State, for any reason, that budget could be tailored to that goal. The Congress would have no opportunity to do anything about it. And now I understand it even affects certain authorizations. So I very much agree with you.

Senator TESTER. Thank you.

Senator FEINSTEIN. Thank you.

All right, Commissioner Connor, let's go to the next subject here. In 2004, the CALFED legislation that I authored required the Bureau to do feasibility studies on expanding cost-benefit of expanding four reservoirs: Shasta, Sites, Los Vaqueros, and Temperance Flat.

The BDCP, along with the collapse of delta fisheries in 2006, required the studies to be revised, I understand. However, it has been almost 10 years since their authorization.

If the State is going to do a storage bond, it will be 2014. We will miss it entirely. As I understand from the information that I have, the Shasta study, the draft feasibility has been completed. The final is 2015 to 2016. Sites, the draft has not yet been released. The final is 2016. Los Vaqueros not yet released, although that's a separate thing, because they'll do it themselves. For Temperance Flat, we're supposed to get the draft in the fall and the final in 2015.

The question I have is: Can't you put out something that can give the State some idea of net new water as well as cost per acre-foot of that net new water, so some decision can be made as to what the most feasible raise would be to create more water?

Mr. CONNOR. Yes, Senator, we can. We are working towards that goal, knowing the urgency of the situation. It is absolutely true, as you stated, that we got high centered on these studies when we had the new regulatory requirements and biological opinions. And that definitely resulted in a substantial delay. At your urging and following up on that, we've now figured out we're going to make certain assumptions about our operational criteria.

We've moved forward, so we've got the draft feasibility report for Shasta Dam raise. It's now out on the street. We anticipate expediting that. So, I would just say, our goal now with Shasta is to finish the Environmental Impact Statement (EIS) and the feasibility report by the fall of 2014.

Senator FEINSTEIN. Well, they'd have to put the bond on the ballot. The State bond, although it's a Federal dam, if there's a State share, it would have to be taken care of by bond in 2014, which means we have to have that this year.

Mr. CONNOR. Right. With respect to Shasta, we've got that data now in the draft feasibility report. It will be part of the draft EIS that's released this fall. So you'll see the cost figures, dollars per acre-foot. I think some assessment will be made based on that very detailed information, even though it won't be final.

Senator FEINSTEIN. Thank you.

Now Sites, it's my understanding that Sites may be the most water productive but may cost the most. Is that correct?

Mr. CONNOR. I think I'll have to get back with respect to whether it's the significant cost. I don't know that off the top of my head.

Senator FEINSTEIN. You see, we have to know that sometime this year for all of these. Well, there are only three. So that if there is a chance to put a storage measure on the California ballot, it would be 2014, either the primary or the general, probably the general.

Mr. CONNOR. And so with respect to the—I agree with you. Los Vaqueros, we're going to set aside, because that's going to be done. They're looking for partners to do that.

Senator FEINSTEIN. Right, they're going to do that themselves.

Mr. CONNOR. So with Upper San Joaquin, I think we will have a draft feasibility study. Once again, that will provide information. It won't be in final form, but it will be a pretty rigorous analysis that will provide the dollar figures per acre-foot. The assessment of the feasibility of that project will be out this fall.

So that's two. The third, Sites, as you mentioned, there's great interest in Sites. That's probably the one that we control the least, with respect to the future of the timeframes for the feasibility study and the EIS, EIR.

We're right now projected to get a draft of that feasibility study done this fall. But this is one where we've partnered up with the State, and we're awaiting some engineering work and information from the State and the joint powers group. So we're trying to maintain that schedule.

Senator FEINSTEIN. Would you be willing to push it, please?

Mr. CONNOR. Absolutely.

Senator FEINSTEIN. Okay. Is this about right: Sites costs \$3.3 to \$3.9, Shasta \$1.1, Temperance \$2.6 to \$3.26.

Mr. CONNOR. Those sound very familiar, yes. I'll have to verify that for the record.

[The information follows:]

Shasta, \$1.1 billion; Sites Reservoir, \$3.4–3.9 billion; Temperance Flat, \$2.3 billion.

Senator FEINSTEIN. Well, then we just need the water figures, the net new yield that can be saved.

Mr. CONNOR. That will be in all the draft reports.

Senator FEINSTEIN. Because I'm absolutely convinced that we're going to be a desert State unless we can hold water from the wet years. 2010 was a classic example, terrible dry year. And then we had a really wet year, and we had to waste it all.

Mr. CONNOR. Yes, absolutely. We're also looking at other options, such as what can we do at San Luis Reservoir south-of-the-Delta. Is there any capacity there for a cost effective raise on that facility? So we're looking at—

Senator FEINSTEIN. My plea is, get something to us this year. It's just May. You work very fast. And I know you can do it.

Mr. CONNOR. Yes.

Senator FEINSTEIN. Okay.

Now let me go on to smelt and salmon biological opinions. As I understand it, the current biological opinions were thrown out by Judge Wanger. That's a Federal district court judge. They were

found to be inadequate. They were found to have faulty science. Yet, they are still enforced.

So decisions are still being made on biological opinions. It's my understanding that a new opinion for smelt is due on December 1, 2014, and the final National Oceanic and Atmospheric Administration (NOAA) fisheries opinion for salmon on February 1, 2017.

This means that that whole project is going to function on faulty biological opinions up to 2017.

Mr. CONNOR. Senator, you are correct that there are certain aspects of both biological opinions that need to be done pursuant to the existing court order. At the same time, Judge O'Neill just recently made a decision with respect to the request for an extension schedule. He made clear that until we have new bi-ops, those bi-ops control operations.

I can tell you that this is an extremely water short year, as you noted at the outset, that we are in the worst January through April time period on record, and we're at a 20-percent allocation south-of-the-Delta. But the difference going on this year is we are not in the courtroom right now. We are not in the courtroom, because we have worked very closely with the State and the State was formerly opposing us. We jointly requested the extension with the State. It was not opposed by the water user community, based on the fact that we are setting up a collaborative science and adaptive management program with the contractors, with the nongovernmental organization (NGO) community, and of course with our partners at the State, to really more vigorously apply an adaptive management program and see how we can better operate the system, protect the fish, and quite frankly, see if we can do it at less water costs to the projects.

Senator FEINSTEIN. Yes. But the political situation we're going to be in is there are going to be two House bills introduced, probably this week sometime, that are going to say the ESA is satisfied, regardless, because these are faulty opinions.

Then that will come over here. Then we're going to have a battle royal.

I think this is a real problem. I think the department, Madam Secretary, has to deal with it.

Mr. CONNOR. Can I make two points?

Senator FEINSTEIN. You can't let faulty science dominate until 2017. I mean, Wanger threw out the first opinion how long ago? Two years ago?

Mr. CONNOR. Two years ago.

Senator FEINSTEIN. And we still don't have a replacement.

Mr. CONNOR. If I could make two points?

First, with respect to the low allocation this year, we are at a 20-percent allocation south-of-the-Delta. Quite frankly, if those biological opinions were not in place and we were only operating to the State water quality permit, the D-1641 permit, we would still only be at a 30 to a maximum of a 35-percent allocation south-of-the-Delta. We would not be at 40 percent, much less anywhere above that.

Senator FEINSTEIN. Well, you're not at 40 percent.

Mr. CONNOR. No, and we would not get to it if those biological opinions——

Senator FEINSTEIN. Why? Because you couldn't do what we put up here?

Mr. CONNOR. No, because you've got no water in the system, because of the very low hydrology. At that point in time, you still have to operate to the State water quality permit conditions so we'd still be limited on pumping because of the lack of water. We'd only be in the 30- to 35-percent range.

So my point is just that that's how dry it is. It's not all a function of the Endangered Species Act.

My second point is: We are trying, through this collaborative science and adaptive management program—and now that we've got a partnership with the State and the water community, as well as the other interested parties—to make the ESA work as effectively as possible, and take care of the issues that we have.

Senator FEINSTEIN. I appreciate that. I think you are, and I appreciate that, too.

It's just that we all know what's going to happen. Unless we're able to give farmers at least the amount of water that they need to break even, you know, it's a huge economic problem.

Mr. CONNOR. Yes.

Senator FEINSTEIN. I mean, this is the largest agriculture State in the union.

Okay, let me quickly turn to the San Joaquin River restoration, and you've been great. You've worked with everybody. This, again, is an 18-year litigation, which the government lost, and an effort to restore and maintain fish populations in good condition on the river.

The bureau has requested \$26 million in fiscal year 2014, which I thank you for. The question is: Which projects will be the focus for spending the \$26 million in fiscal year 2014?

Mr. CONNOR. The focus, we're going to continue, as far as infrastructure projects, we're going to continue to focus efforts on the Arroyo Canal Fish Screen Project and Sack Dam Fish Passage Project. That's the highest infrastructure priority that we have right now.

And one aspect of the program is we have to deal with the channel and prepare it for fish passage through the system. That's one aspect of the program.

Beyond that, we're also going to continue to do the seepage management work that we need to do, the monitoring effort and the small infrastructure projects to ensure that with those flows going down the river, that we don't damage adjacent farmland. So that's another aspect of the program.

We're still working on fish reintroduction, doing the set up for that. We do not have the permit right now to do actual reintroduction, so we're still doing set up work.

And then the last aspect of the program, another big infrastructure priority, is the Friant Canal, the Madera Canal, re-establishing capacity in those canals, because water management and restoring water supply to the Friant districts was one aspect of the program.

Senator FEINSTEIN. Can that all be done with this amount of money?

Mr. CONNOR. It can. We actually have \$28 million in the budget request. We still have some of the mandatory funds that you made available when you first enacted the legislation. We have State cost-share of about \$25 million. All totaled, I think we have about \$75 million available for the program this year.

Quite frankly, that is below what our projected work plan was set at. I think, going into this year, we had looked at about \$85 million, so this is the first year since enactment that we are not at the full funding level. The reality is the Arroyo Canal project and Sack Dam project are falling a little bit behind schedule because of subsidence issues that we're working on.

Senator FEINSTEIN. Well, let me ask you this, can you stay on schedule for this year, 2014, to meet the milestones for high-priority projects?

Mr. CONNOR. This year, we might be able to, but I think if we're at similar funding levels, we'll start to fall behind. We'll have to work with our partners to readjust the schedule, quite frankly, but this year, we're close. I should probably get a little more detail and specifically let you know for the record.

Senator FEINSTEIN. Thank you. Thank you for everything you've done and everything the department has done to help with this. I cannot tell you how much I appreciate the administrative action.

I mean, I would really say this is an emergency situation. We just have to do it and do it quickly. So thank you very much.

Mr. CONNOR. Thank you.

Senator FEINSTEIN. Senator.

Senator ALEXANDER. Thanks, Madam Chairman.

General Bostick and Secretary Darcy, Chairman Feinstein said that 99.5 percent of the time, I'm a reasonable person and I like to work things out. And I do and I am. So let me see if I can here.

To go back to the issue we were talking about, the Corps policy is to restrict access to hazardous waters to ensure public safety. Right?

Ms. DARCY. Yes.

Senator ALEXANDER. Which one of you decides how to do that? Who implements that?

General BOSTICK. At the local level, the decisions on how to implement—

Senator FEINSTEIN. Could you speak up, please, General?

General BOSTICK. At the local level, they make the decisions on how to implement the regulations.

Senator ALEXANDER. So Colonel DeLapp all by himself can do this?

General BOSTICK. Well, in some situations, it's not as dangerous, and folks don't fish for a variety of reasons.

Senator ALEXANDER. No, I'm not interested in that.

Who's on the flagpole here? I mean, you're a military man. There's an order here. Who makes the decision about whether you're meeting the definition of restricting access to hazardous waters to ensure public safety? Is it Colonel DeLapp?

General BOSTICK. At the local level, he would know best on whether he is doing that properly or not, because of this issue—

Senator ALEXANDER. That's not—so he doesn't report to you?

General BOSTICK. He does.

Senator ALEXANDER. He does, all right. So it's your responsibility?

General BOSTICK. It is my responsibility.

Senator ALEXANDER. Okay, it's yours. I'm going to be talking to you, then.

I think we have here not a water problem, but a lifejacket problem. Since 1989, Tennessee, and 6 of the 10 dams are in Tennessee that we're talking about on the Cumberland River. It has required boaters to wear lifejackets below the dams. There have been 14 deaths since 1970. Now, there have been plenty of deaths above the dams too. People fall out of boats. People have boating accidents. We do our best to prevent that.

Fourteen deaths below the dams. Nine were from boats, five were from bank fisherman who fell in the water.

Of the nine from boats, five were not wearing lifejackets, which they're required to do. The remaining three were wearing lifejackets but didn't use them properly. One was wearing an inflatable lifejacket that wasn't inflated. One was wearing a lifejacket that wasn't properly fastened. And one, the lifejacket came off for unknown reasons.

So in all of the boating cases, if the lifejacket had been inflated and properly worn, there wouldn't have been any deaths. Now why is it a reasonable plan to say that our policy to try to restrict access to hazardous waters would be to say, during the 20 percent of the time when the water is actually going through the gates, everybody is out of there? During the rest of the time, whether you're on the bank or in the boat, you have to wear an automatically inflatable lifejacket? And three, since both the States of Kentucky and Tennessee have offered to use their resources to help you enforce that, wouldn't the combination of those factors do a better job of restricting access, or at least an adequate job of restricting access to hazardous waters?

General BOSTICK. Senator, I'd say that lifejackets is clearly an issue. We have many that don't wear lifejackets, many that don't wear them properly or they may have an inflation issue. The information that I've received from the command is that for the deaths that occurred, all of them were wearing lifejackets.

Senator ALEXANDER. No, I just went through exactly what happened.

General BOSTICK. And I'm not questioning that. I'm saying, as we made our decisions at our level to support this—

Senator ALEXANDER. Well, then you made an inaccurate decision, because five of the eight were not wearing lifejackets, which they're required to do. And the other three cases, the lifejackets were either not fastened, not inflated, or came off for an unknown reason.

So if Colonel DeLapp made a decision based on what you just told me, he made it on—an inaccurate decision.

General BOSTICK. It wasn't only on that particular fact. I mean, certainly, there were deaths. There have been some near deaths. I think we all know it's a dangerous part of the river downstream from the dams.

It was a combination of factors, plus the fact that we have a regulation that is being—

Senator ALEXANDER. General, it's dangerous to go out in the woods hunting. It's dangerous to get in a boat fishing. I mean, there's not a rule that says that you're supposed to eliminate risk.

I mean, let me ask you a question. There are 129,000 public railroad crossings in the United States. In order to make things safe, would you suggest, if you were in charge of railroad crossings, keeping the gate crossing down 100 percent of the time, even when the train wasn't coming?

General BOSTICK. I would not recommend that.

Senator ALEXANDER. Yes. And there are 84,000 of those public railroad crossings that don't have gates. They just have warning signs or the train blows its whistle. That's exactly what you do now at those dams. You have warning signs.

And in some cases, I know at the TVA dams, they blow a siren when the water is spilling through the gates. I mean, you can just go so far in terms of helping someone avoid risk. And after that, you have got to assume that someone has enough sense not to sit on the railroad track when the train's coming, or to sit in a boat under the dam when the water's spilling through the dam. And you can have people there to enforce that rule.

I think it's just completely unreasonable. And your own lawyer—I mean, you cited your inspector general. It sounds like you got skittish because of an inspector general's report. And you suddenly decide to stop a practice that hundreds and hundreds and thousands and thousands of people have enjoyed for the whole time the dams have been built.

I mean, some of the most avid fisherman there, and people who oppose this rule, are your retired Corps engineer employees who, with their grandchildren, like to fish below the dam. In fact, they like to fish just below the dam because that's the best fishing. So why would you not work with the State agencies and come up with a plan that made sure that everybody had an automatically inflatable lifejacket, whether they were on the bank or below the river, and make that your plan for restricting access below the dam?

General BOSTICK. Well, as I said, Senator, I'm a fisherman as well. And I know how good the fishing is in that part of the river.

That being said, we're also responsible for the safety of the individuals, given our responsibilities. So what I can say is, I'll look at this. I have looked at it deeply. Given our conversation here, I will go back and look at it again and discuss it with Secretary Darcy.

We have worked very closely with the State and the locals.

Senator ALEXANDER. Well, General, with all respect, the State does not think so. I mean, the chief boating safety people in the State of Tennessee and Kentucky, I mean, they're in charge of boating safety. They're the ones who do it. I know you also do some of that below your dams. But they think you're being completely unreasonable. They don't think Colonel DeLapp has listened to them. These aren't trivial people.

I mean, Mr. Carter, I read his background in boating safety. I mean, he's the chief of boating for 19 years in Tennessee, appointed by the Secretary of Homeland Security to serve on the National Boating Safety Advisory Council. He says if there's a lot of water pouring through the spill gates, we can understand the restrictions on hazardous days. We all agree with that.

Otherwise, our boating accident reports indicate anglers have a good safety record below dams. We don't see a rational reason to prevent them from fishing there. He's repeatedly offered to work with the Corps to discuss alternative measures to improve safety. He said that the State would consider amending its existing rules so that only automatically inflatable lifejackets or traditional floatation devices are the only acceptable kind.

And the information I have suggests that if that were the rule, that there wouldn't have been any deaths below the dam since 1970. If everybody had been wearing an automatically inflatable lifejacket, there wouldn't have been any deaths below the dam.

So it's a lifejacket problem, perhaps, rather than a water problem. And I would like, respectfully, to ask you to consider—I know Colonel DeLapp is trying to do his job, but there is more than one way to skin a cat, and there is more than one reasonable way to do this. And I'd like to ask you to consider this.

I don't like to be put in a position to have to disapprove reprogramming requests as they come to me and to Senator Feinstein, but I'm going to do it, if it takes that. And we've also got legislation to change the law. We shouldn't have to do it.

Now let me ask you one last question, if I may. It would take \$2.6 million to do all of the things that you were first planning to do to restrict access to fishing below the dams on the Cumberland River. Where are you going to get that money at a time of sequestration?

General BOSTICK. \$2.6 million was the original amount, if we had a cable across that area. It's \$1.5 million, and we would use the funds that we have.

Senator ALEXANDER. If it's \$1.5, why don't you have to come to us for reprogramming authority?

General BOSTICK. It's in the O&M budget.

Senator ALEXANDER. What is that?

General BOSTICK. The Operation and Maintenance budget.

Senator ALEXANDER. So you can do anything you want to in the Operation and Maintenance budget without reprogramming authority, regardless of amount?

General BOSTICK. We can use the Operation and Maintenance budget for operations and maintenance in those particular projects.

Senator ALEXANDER. So you're going to take \$1.5 million from other operations and maintenance priorities, and use it to restrict fishing below the dams?

General BOSTICK. We've constantly got to look at our priorities, and safety is among our highest priorities. So it's not that we're wanting to take it from another activity within the project. Public safety is first and foremost.

Senator ALEXANDER. Well, if you've got a lifejacket problem instead of a water problem, and the entire United States Senate, your former lawyer, the chief boating agencies, and most of the people in Tennessee and Kentucky and visitors from all over America who would like to fish below the dam think that you may have made an error in judgment here—you know, sometimes I make errors in judgment, too. And I usually have to adjust my point of view and look for another reasonable point of view. I'd like to ask you to do the same thing.

And I have great respect for the Corps of Engineers and the work you do. I think I tried to show that in my opening comments with the work on Wolf Creek and the work on Center Hill. I'm looking for ways to make dramatic changes to permit the Corps to do things at ports, locks, and dams.

And I don't want to interfere with normal reprogramming requests. But I will if I have to do that.

So I'd like to ask you to not just show respect to me, but show respect to the elected officials. I mean, that's a proper thing to do.

I show respect to the President. He's elected. He shows respect to us, when we have differences of opinion. I show respect to the opinion of the Senator from California, because she's entitled to that and it may be a different point of view.

Senator FEINSTEIN. And always right.

Senator ALEXANDER. And never wrong, of course.

Senator FEINSTEIN. Right.

Senator ALEXANDER. But we have to do that. And so I'd like to ask you to do the same thing in this case.

Thank you, Madam Chair.

ADDITIONAL COMMITTEE QUESTIONS

Senator FEINSTEIN. Thank you very much. I'm sure the General will come up with some solutions.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO HON. JO-ELLEN DARCY

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

BERRYESSA CREEK, CA

Question. Secretary Darcy, funding for the Upper Berryessa Creek Project was not included in your fiscal year 2014 budget request. This project enjoys a substantial benefit-to-cost ratio and is necessary to stop severe flooding which occurs approximately every 4 years. Flood protection improvements will not only safeguard area residents, businesses, and infrastructure, but are critical to the construction of Bay Area Rapid Transit's Berryessa extension—a project that the Federal Government has already put significant resources towards (more than \$250 million to-date).

Are you aware that development of BART's Silicon Valley Extension is contingent upon this flood protection project being completed on schedule?

Answer. Yes. At this time, the Director's Report is scheduled to be completed by December 2013.

Question. Is there coordination or communication between the Corps and the Department of Transportation on this effort?

Answer. The Corps has not discussed this project with the Department of Transportation.

However, the non-Federal Sponsor, the Santa Clara Valley Water District (SCVWD), is working closely with the VTA (Valley Transportation Authority/BART) to coordinate any changes in schedule and project features.

Question. What can you do to ensure that completion of this important project occurs on a schedule that will allow the region to continue moving forward on the BART extension?

Answer. The SCVWD has approached the Corps regarding the possibility of providing contributed funds to mitigate the impacts on the construction of this project.

ARMY CORPS CREDITING—WAIVER EXCEPTIONS

Question. Secretary Darcy, recognizing that budget constraints will affect the Corps' civil works program, I am concerned that the Corps' ability to respond to flood threats will fall further behind and leave residents and properties vulnerable.

I know that some local sponsors are expediting levee improvements and other projects, advancing funds ahead of Corps budgeting in order to move projects along. The decision 2 years ago to replace Section 104 in-kind credit with Section 221 credit remains unknown to many local sponsors and has delayed the date when a local sponsor can enter into an agreement with the Corps to ensure that local sponsor expenditures will be credited toward the required cost share.

You have agreed to consider waivers from that Section 221 policy on a case-by-case basis, and I am aware of at least three local sponsors who have requested such a waiver.

Can you tell me the status of those waiver requests and the criteria you are using to evaluate them?

Answer. The requested waivers could not be granted because the non-Federal sponsors carried out the work for which the waivers were requested prior to entering into a Memorandum of Understanding. Section 221 of the Flood Control Act of 1970, as amended by Section 2003 of WRDA 2007, allows the Corps to provide a credit only for work performed after execution of the Memorandum of Understanding.

Question. Some flood control districts have told my staff that they still do not know by what criteria requests for waivers will be evaluated and granted. For planning purposes, they would very much like to know the criteria you will be using. Have you issued, or do you plan to issue, any guidance or policy document to specify the criteria for waivers? Why or why not?

Answer. The Corps issued guidance in its Engineering Regulation, ER 1165-2-208 dated 17 February 2013, for in-kind contribution credit, which considers and balances the Federal and non-Federal interests in project development. Further, the guidance requires a reasonable likelihood that the work undertaken by a non-Federal sponsor will be determined to be an integral part of the recommended Federal project. Each project involves its own unique set of circumstances. Requests for exceptions to the policy will be considered where a compelling need can be demonstrated, and will be determined on a case by case basis.

Question. Why is flood control spending down in your budget for fiscal year 2014 when compared to fiscal year 2013?

Answer. The primary reason that the budget in fiscal year 2014 appeared to include less funding for flood risk reduction projects than in the fiscal year 2013 budget was because dam safety modification work at Wolf Creek Dam, KY was funded to completion in the fiscal year 2013 budget.

Question. Of the ten new study starts that you have proposed, six are for ecosystem restoration or environmental compliance. Two are for navigation and one is flood control/ecosystem restoration. What is your selection process for your proposed new starts?

Answer. In evaluating studies to propose in the Budget to start in fiscal year 2014, we considered their potential to result in high economic or environmental returns, or to address a significant risk to public safety.

Question. You have again proposed a Water Resources Priority Study. What useful information will this study provide to the Corps?

Answer. This investigation will provide a baseline assessment of the Nation's flood risks at both a regional and national scale. This assessment will provide a foundation for informing improved, coordinated flood risk action and strategies at the Federal, State, and local levels. The study will explain why the risks are greater in some floodplains and some coastal locations than in others, as well as why and how the risks may be changing over time. The study will assess existing information on: (1) the number of people who live or work in places where they are potentially at risk of floods; (2) the value of the property that is potentially at risk; and (3) actual flood-related losses (e.g., the frequency and magnitude of large losses, where such losses have been occurring, and the incidence of repetitive losses), in order to identify possible nationwide trends that will better inform nationwide flood risk management decisions and actions. Additionally, the study will assess the extent to which existing Federal, State and local flood risk management programs operate successfully (individually and together), as well as identify where these organizations may be working at cross-purposes. The report will look at not only programs of the Corps of Engineers, but also at a broad array of Federal, State, and local programs and strategies, to include an exploration of the respective and appropriate roles of Federal, State, and local programs, and of their ability to work together. The study's purpose is to develop a basis for identifying better ways to approach flood risk management priorities, including ways to reduce costs by improving the effectiveness, efficiency, and accountability of existing programs and strategies.

Question. You have proposed four new construction projects in your budget. The total cost of these projects will likely approach \$2 billion. Yet your construction

budget is reduced \$121 million from your fiscal year 2013 proposal. With flat to declining budgets, how will these projects get completed in a timely manner?

Answer. The Budget included funding to complete seven construction projects in fiscal year 2013 and another five projects in fiscal year 2014. As projects are completed and the funding requirements for those projects end, more resources are available for funding priority new and/or ongoing work. All four of the new construction projects are high priority projects and were selected because they competed favorably with the projects in our ongoing construction program. These new start construction projects will continue to compete favorably in future year budgets. Also, one of the new construction starts proposed in fiscal year 2014—Louisiana Coastal Area Ecosystem Restoration, Louisiana—accounts for most of the total costs referenced in the question. It is a much needed next step in the effort to stem an ongoing loss of wetlands and restore this nationally significant ecosystem.

Question. In your budget request you generally require a project to have a benefit to cost ratio of 2.5. How did you arrive at that figure?

Answer. Since the fiscal year 2006 Budget, the Corps construction program has used performance-based guidelines to decide which projects to fund. While the guidelines continue to evolve in response to lessons learned, their goal has remained the same—to produce as much value as possible for the Nation from available funds. The benefit-cost ratio threshold of 2.5 to 1 or more is one of these performance-based guidelines. It applies to ongoing construction projects that are being funded primarily to provide an economic return for the Nation.

Question. There appear to be a number of projects included with less than a 2.5 b/c ratio. How are they chosen and will you please provide the specific criteria that applies to each?

Answer. The fiscal year 2014 budget funded 79 projects in the construction program, based on 12 performance-based guidelines. The benefit-cost ratio threshold of 2.5 to 1 is one of these performance-based guidelines. It applies to ongoing construction projects that are being funded primarily to provide an economic return for the Nation. The following projects were funded in the Budget primarily based on one of the other 11 construction performance guidelines:

PROJECT NAME	PRIMARY BUDGETARY CRITERIA
BLUESTONE LAKE, WV (DAM SAFETY)	DAM SAFETY ASSURANCE, SEEPAGE CONTROL, STATIC INSTABILITY CORRECTION
BOLIVAR DAM, MUSKINGUM RIVER LAKES, OH (SEE PAGE CONTROL)	DAM SAFETY ASSURANCE, SEEPAGE CONTROL, STATIC INSTABILITY CORRECTION
CENTER HILL DAM CANEY FORK RIVER, TN (DAM SAFETY)	DAM SAFETY ASSURANCE, SEEPAGE CONTROL, STATIC INSTABILITY CORRECTION
DOVER DAM, MUSKINGUM RIVER, OH (DAM SAFETY)	DAM SAFETY ASSURANCE, SEEPAGE CONTROL, STATIC INSTABILITY CORRECTION
EAST BRANCH CLARION RIVER LAKE, PA (DAM SAFETY)	DAM SAFETY ASSURANCE, SEEPAGE CONTROL, STATIC INSTABILITY CORRECTION
ROUGH RIVER MAJOR REHAB, KY (DAM SAFETY)	DAM SAFETY ASSURANCE, SEEPAGE CONTROL, STATIC INSTABILITY CORRECTION
HERBERT HOOVER DIKE, FL (SEEPAGE CONTROL)	DAM SAFETY ASSURANCE, SEEPAGE CONTROL, STATIC INSTABILITY CORRECTION
ISABELLA DAM, CA (DAM SAFETY)	DAM SAFETY ASSURANCE, SEEPAGE CONTROL, STATIC INSTABILITY CORRECTION
CANTON LAKE, OK	DAM SAFETY ASSURANCE, SEEPAGE CONTROL, STATIC INSTABILITY CORRECTION
ILLINOIS WATERWAY, LOCKPORT L&D, IL	DAM SAFETY ASSURANCE, SEEPAGE CONTROL, STATIC INSTABILITY CORRECTION
LOCKS AND DAMS 2, 3 AND 4, MONONGAHELA RIVER, PA	DAM SAFETY ASSURANCE, SEEPAGE CONTROL, STATIC INSTABILITY CORRECTION

PROJECT NAME	PRIMARY BUDGETARY CRITERIA
AMERICAN RIVER WATERSHED (FOLSOM DAM MODIFICATIONS), CA	PROJECTS WITH SIGNIFICANT RISK TO HUMAN SAFETY
AMERICAN RIVER WATERSHED (FOLSOM DAM RAISE), CA	PROJECTS WITH SIGNIFICANT RISK TO HUMAN SAFETY
BRAYS BAYOU, HOUSTON, TX	PROJECTS WITH SIGNIFICANT RISK TO HUMAN SAFETY
EAST ST LOUIS, IL (DEF CORR ONLY)	PROJECTS WITH SIGNIFICANT RISK TO HUMAN SAFETY
CHAIN OF ROCKS CANAL,MISSISSIPPI RIVER, IL (DEF CORR)	PROJECTS WITH SIGNIFICANT RISK TO HUMAN SAFETY
MUDY RIVER, MA	PROJECTS WITH SIGNIFICANT RISK TO HUMAN SAFETY
RARITAN RIVER BASIN, GREEN BROOK SUB-BASIN, NJ	PROJECTS WITH SIGNIFICANT RISK TO HUMAN SAFETY
RIO PUERTO NUEVO, PR	PROJECTS WITH SIGNIFICANT RISK TO HUMAN SAFETY
ROANOKE RIVER UPPER BASIN, HEADWATERS AREA, VA	PROJECTS WITH SIGNIFICANT RISK TO HUMAN SAFETY
SANTA ANA RIVER MAINSTEM, CA	PROJECTS WITH SIGNIFICANT RISK TO HUMAN SAFETY
TURKEY CREEK BASIN, KS & MO	PROJECTS WITH SIGNIFICANT RISK TO HUMAN SAFETY
YUBA RIVER BASIN, CA	PROJECTS WITH SIGNIFICANT RISK TO HUMAN SAFETY
ASSATEAGUE ISLAND, MD	MITIGATION AND/OR ENVIRONMENTAL REQUIREMENTS
COLUMBIA RIVER FISH MITIGATION, WA, OR & ID	MITIGATION AND/OR ENVIRONMENTAL REQUIREMENTS
LOWER CAPE MAY MEADOWS, CAPE MAY POINT, NJ	MITIGATION AND/OR ENVIRONMENTAL REQUIREMENTS
LOWER COLUMBIA RIVERECOSYSTEM RESTORATION, OR & WA	MITIGATION AND/OR ENVIRONMENTAL REQUIREMENTS
LOWER SNAKE RIVER FISH AND WILDLIFE COMPENSATION, WA, OR & ID	MITIGATION AND/OR ENVIRONMENTAL REQUIREMENTS
MISSOURI RIVER FISH & WILDLIFE RECOVERY, IA, KS, MO, MT, NE, ND & SD	MITIGATION AND/OR ENVIRONMENTAL REQUIREMENTS
ELK CREEK LAKE, OR (After Dam removal work)	MITIGATION AND/OR ENVIRONMENTAL REQUIREMENTS
RICHARD B RUSSELL DAM AND LAKE, GA & SC	MITIGATION AND/OR ENVIRONMENTAL REQUIREMENTS
WILMINGTON HARBOR, NC (NAV)	MITIGATION AND/OR ENVIRONMENTAL REQUIREMENTS
CHESAPEAKE BAY OYSTER RECOVERY, MD & VA	ENVIRONMENTAL RETURN
CHICAGO SANITARY AND SHIP CANAL DISPERSEL BARRIER, IL	ENVIRONMENTAL RETURN
DUWAMISH AND GREEN RIVER BASIN, WA	ENVIRONMENTAL RETURN
EVERGLADES , FL	ENVIRONMENTAL RETURN
HAMILTON CITY, CA	ENVIRONMENTAL RETURN
LOUISIANA COASTAL AREA ECOSYSTEM RESTORATION, LA	ENVIRONMENTAL RETURN
LOWER SAVANNAH RIVER BASIN, GA	ENVIRONMENTAL RETURN
NAPA RIVER, SALT MARSH RESTORATION, CA	ENVIRONMENTAL RETURN
POPLAR ISLAND, MD	ENVIRONMENTAL RETURN

PROJECT NAME	PRIMARY BUDGETARY CRITERIA
UPPER MISSISSIPPI RIVER RESTORATION, IL, IA, MN, MO & WI	ENVIRONMENTAL RETURN
CALCASIEU RIVER & PASS, LA	DREDGED MATERIAL DISPOSAL FACILITY
CHARLESTON HARBOR, SC	DREDGED MATERIAL DISPOSAL FACILITY
SAVANNAH HARBOR DISPOSAL AREAS, GA & SC	DREDGED MATERIAL DISPOSAL FACILITY
TAMPA HARBOR, FL	DREDGED MATERIAL DISPOSAL FACILITY
WILMINGTON HARBOR, NC (DMDF)	DREDGED MATERIAL DISPOSAL FACILITY
LOWER COLORADO RIVER BASIN (ONION CREEK), TX	NON-STRUCTURAL FLOOD DAMAGE REDUCTION
DELAWARE RIVER MAIN CHANNEL, NJ, PA, DE	COASTAL NAVIGATION PROJECT
COLUMBIA RIVER CHANNEL IMPROVEMENTS, OR & WA	COASTAL NAVIGATION PROJECT
COLUMBIA RIVER AT THE MOUTH, OR & WA	PRIORITY NEW START, SIGNIFICANT RISK TO HUMAN SAFETY

In addition, the fiscal year 2014 budget funded construction work on two projects without reference to the construction performance guidelines—the Grand Prairie and Bayou Meto projects, AR.

Question. I notice that you have finally increased funding for dredging the Lower Mississippi river from the lower numbers of the last few years to a request of \$84.1 million. How much have we spent on the Lower Mississippi to maintain the navigation channel for each of the past 5 years? Do you have a plan to address the needs if the request proves insufficient?

Answer. The following is a table of O&M expenditures for the Mississippi River, Baton Rouge to the Gulf, LA project for the last 5 years:

Fiscal Year	Baseline	Recovery	Supplemental	Total
2008	\$66,315,426	\$0	\$21,472,291	\$87,787,717
2009	52,898,676	21,500,000	40,235,519	114,634,195
2010	51,377,053	23,300,673	59,724,145	134,401,871
2011	65,553,242	11,694,532	29,493,133	106,740,907
2012	112,037,159	0	38,752	112,075,911

Question. Dredging needs in the Lower Mississippi vary considerably from year to year. The Corps monitors the channel conditions on a regular basis and uses that information to schedule dredging activities and maintain navigation. The fiscal year 2014 budget amount of \$84.1 million for the project is appropriate given the anticipated needs in fiscal year 2014. Should additional funding be required to address the dredging needs in the Lower Mississippi River, and depending on the urgency of that need and other priorities, the funding that the Congress has been setting aside in the Operation and Maintenance account for an emergency could be utilized, or the Corps could seek to reprogram funds from another project.

Your request for the Missouri River Fish and Wildlife Recovery is up significantly this year to \$70 million. Will this level of funding allow you to do the necessary work required to continue operations of the Missouri River?

Answer. The \$70 million will allow the Corps to award a \$20 million contract for the Yellowstone Intake Diversion Dam. Modifying this structure is a key action in the effort to avoid jeopardy to the endangered pallid sturgeon and comply with the U.S. Fish and Wildlife Service's 2003 Amended Biological Opinion.

Question. What flood control work remains to be constructed on the Missouri River system?

Answer. The authorized flood control work remaining to be constructed on the Missouri River system is the Kansas City Local Protection Construction Program, Missouri and Kansas. The Kansas City Local Protection Construction Program, Missouri and Kansas Phase I addresses four of the seven levee units along both banks of the Missouri and Kansas Rivers in the Kansas City Metropolitan area, including the—Argentine, East Bottoms, Fairfax-Jersey Creek, and North Kansas City Levee Units. All construction activities are complete on the North Kansas City Unit; funding for work on the remaining three levee units is included in the fiscal year 2014 budget.

Repair work from the 2011 flood continues at two Missouri River projects, Gavins Point Dam, South Dakota, and Oahe Dam, South Dakota, is scheduled to be completed in fiscal year 2014. Using existing funds, work at Fort Randall Dam, South Dakota and Big Bend Dam, South Dakota is scheduled to be completed in fiscal year 2015, and work at Garrison Dam, North Dakota and Fort Peck Dam, Montana, is scheduled to be completed in fiscal year 2016. While this work is underway, the system will be fully operational and capable of responding to most probable runoff events. If a historic runoff event in the upper probabilistic range occurs during this period, while the repairs are underway, the system will be able to operate as designed, but some areas downstream will likely experience significant flood damage.

On the Missouri River Bank Stabilization Navigation Project (BSNP), the Corps has placed more than \$23 million in contracts to open the channel, repair damaged river structures and ensure the channel is not impacting levee systems in the river reach from Rulo, NE to Sioux City, IA. Contract placement is currently at 50 percent.

Funding was provided for the repairs of 47 Federal and non-Federal levee systems within the program along the Missouri River. This was accomplished with approximately \$20.1 million for construction. All 47 protection projects, comprised of 30 construction contracts, have been completed and are working through the financial closeout process. There have also been five contracts awarded for approximately \$24 million to repair damaged river structures and ensure the channel is not impacting levee systems in the river reach from Rulo, NE to Glasgow, MO. Two of the 4 contracts are completed and 3 are ongoing. Current overall placement is currently at 57 percent or 515,000 tons of the 900,000 tons contracted.

DAM SAFETY FUNDING

Question. Dam safety funding is reduced significantly from the fiscal year 2013 request. This item had remained constant at about \$400 million for a number of years. For fiscal year 2014, it is reduced to \$274 million. To what do you attribute this significant reduction?

Answer. The major dam safety modification work at Wolf Creek Dam, KY was funded to completion in the fiscal year 2013 budget and there was no continued budget requirement for that project in fiscal year 2014. The fiscal year 2014 request maintains full expenditure capability on the other highest risk dams.

Question. Does this reduced funding leave our highest risk dams at a greater threat of failure?

Answer. No. The budget continues to prioritize dam safety measures based on risk.

INLAND WATERWAYS

Question. Based on your budget request, do you have concerns about potential failures of any of the inland waterway projects in fiscal year 2014?

Answer. The Army is working to facilitate commercial navigation by providing safe, reliable, highly cost-effective, and environmentally-sustainable waterborne transportation systems. The Administration has provided significant funding for inland waterways maintenance, with emphasis on measures to reduce the incidence of extended unscheduled lock closures due to a mechanical failure at the main lock chambers on the inland waterways with the most commercial use, which support 90 percent of all inland waterways commercial traffic.

Question. Some of them are in serious condition. Do you see a potential increase in unscheduled lock outages occurring due to this budget request?

Answer. The Corps is not able to predict whether the number of unscheduled lock outages due to a mechanical failure, or their duration, will increase or decrease in any particular year. The budget gives priority to the maintenance of the locks, dams, and other navigation features of the inland waterways based on project condition assessments by the Corps. These assessments provide information on the risk of failure due to component conditions. The Corps considers this risk, and the economic consequences should a failure occur, in allocating funding for the maintenance of inland waterways projects. The Corps continues to monitor the risk of component failures that could affect the movement of substantial traffic and is focused on reducing the risk of unscheduled outages due to mechanical failures on both high and moderate use inland waterways.

HYDROPOWER

Question. The Corps is the biggest Federal producer of hydropower in the country. Only \$4.88 million is proposed for fiscal year 2014 for two projects. What are the hydropower revenues that the Corps produces for the Treasury?

Answer. The Power Marketing Administrations and/or non-Federal sponsors sell the power generated from Corps Hydropower Plants. The Corps does not track the revenues from those sales or the past investments by the Federal Government in these hydropower plants and the associated dams, which are the source of this power.

Question. What is the condition of our Nation's aging hydropower projects?

Answer. Based on the condition assessment process used by the Corps within the last 3 years, 36 percent of its turbines and 17 percent of its generators are rated as below fair condition. The Corps does not collect data on the condition of the many hydropower facilities across the Nation that are owned and maintained by non-Federal entities.

Question. Has there been an increase in unscheduled outages?

Answer. Yes. In 1999, the Corps average unscheduled outage rate was 1.97 percent. This has increased to 4.32 percent in 2012.

Question. Does the Administration have a plan for reinvestment in these projects to ensure they continue to supply needed electricity?

Answer. The fiscal year 2014 budget for hydropower includes funding for maintenance as well as the completion of the rehabilitation of one hydropower project. In most areas of the country with Corps hydropower facilities, the Corps is working with Power Marketing Administrations and preference customers on sub-agreements to existing Memoranda of Understanding for direct non-Federal financing of major maintenance work.

Question. We provided \$ 5.35 billion in disaster funds to repair damages to Corps projects in January 2013.

Was this funding sufficient to repair all of the damages due to natural disasters?

Answer. The \$5.35 billion is the amount provided in the Disaster Relief Appropriations Act, 2013, in response to Hurricane Sandy. This amount included sufficient funding to repair all of the damage to Corps projects from Hurricane Sandy.

Question. If not, did you include funding in your budget request for these repairs?

Answer. The amount provided was sufficient for that purpose. See response to previous question.

Question. If not, why not?

Answer. The \$5.35 billion is the amount provided in the Disaster Relief Appropriations Act, 2013, in response to Hurricane Sandy. This amount included sufficient funding to repair all of the damage to Corps projects from Hurricane Sandy.

Question. Isn't it important to repair these projects to pre-disaster conditions to ensure they continue to provide the benefits for which they were constructed?

Answer. The Administration requested this supplemental Corps funding to help the affected area recover, and to reduce the future flood risk from a large hurricane of this kind.

HARBOR MAINTENANCE TRUST FUND

Question. There seems to be considerable misunderstanding about the workings of the Harbor Maintenance Trust Fund. Can one of you simply explain how it is collected and how it ties into the overall Corps budget?

Answer. The Water Resources and Development Act of 1986 authorized the collection of an ad valorem Harbor Maintenance Tax (HMT) (currently 0.125 percent of the value of cargo) on cargo to recover costs associated with operating and maintaining Federal commercial navigation coastal and inland harbors within the United States. More than 90 percent of the revenue now comes from imports; the rest comes mostly from coastwise movement of some domestic cargo, and from passengers. All exports are exempt from this tax, and the commodities that are carried on the fuel-taxed inland waterways are also exempt from it. U.S. Customs and Border Protection (CBP) collects the HMT from importers, domestic shippers, and passenger vessel operators using certain Federal navigation projects. For cargo movements subject to the HMT, the tax liability is incurred by the importer or shipper upon unloading the cargo. For passengers, the vessel operator is liable for the tax upon providing the service to the passengers. The tax is to be submitted quarterly to the CBP. The receipts are deposited in the Harbor Maintenance Trust Fund (HMTF) and invested by the Treasury; the interest earned on these investments is returned to the trust fund. Spending from the HMTF is proposed in the budget and appropriated by the Congress. HMTF assets are transferred from the HMTF to the General Treasury, as provided in appropriation acts, to finance eligible expenditures incurred by the Corps, Saint Lawrence Seaway Development Corporation, and Customs and Border Protection. The HMTF reimburses 100 percent of eligible Corps operation and maintenance expenditures for coastal and inland harbors, and of Corps Construction expenditures for coastal and inland harbor dredged material place-

ment facilities, beneficial use projects, and sand mitigation projects. In developing an overall budget for the Civil Works program, each project, program or activity competes for funding on an equal basis.

Question. How does the Administration decide, on an annual basis, which projects are eligible for dredging with funds from the HMT?

Answer. The Corps focuses on work that will provide the greatest economic, environmental, and public safety returns to the Nation. Coastal and inland harbors eligible for reimbursement from the HMTF compete for funding with all other civil works projects. Coastal and inland harbors are categorized as high, moderate and low commercial use. Funding is focused on the projects with a high or moderate level of commercial navigation use (those projects carrying at least one million tons of cargo), which move 99 percent of the Nation's waterborne commercial cargo.

For coastal and inland harbors with a low level of commercial use, the Corps considers a range of factors such as the use of a harbor as a critical harbor of refuge or a subsistence harbor; whether the harbor supports public transportation, U.S. Coast Guard search and rescue operations, the national defense, or other Federal agency use; the reliance on waterborne transportation for energy generation or home heating oil deliveries; and the level of commercial use (albeit less than a moderate level of commercial use).

Question. When you propose dredging of a project using HMT funding, is the goal to dredge to the constructed dimensions or something else?

Answer. Dredging plans reflect the economic, environmental, and public safety returns to the Nation that result from the work to be accomplished. Under these criteria, the Corps dredges some, but not all projects to their constructed dimensions. It focuses each year on the work that is a priority that year. For large ports, that generally will involve dredging a portion of their channels each year—based on the predicted channel conditions and the nature of the traffic. Also, the deposition of sediment is a dynamic process, which is ongoing even while the dredge is on site. Consequently, few if any projects are at their constructed dimensions throughout the year.

Question. What is the annual interest earned off the HMTF balance?

Answer. Interest on HMTF investments in fiscal year 2012 was \$47.3 million.

Question. What are the projections of growth in HMT collections over the next 10 years?

Answer. Annual HMT receipts are expected to grow from an estimated \$1.641 billion in fiscal year 2014 to \$2.174 billion in fiscal year 2023.

Question. According to numbers from the Corps of Engineers, the Federal Government spends more than ten times as much each year maintaining the ports of the Great Lakes as it collects in those same ports from the Harbor Maintenance Tax. Meanwhile, in California, the Federal Government spends less than one tenth of what it collects from the HMT maintaining the ports. As a result, some ships have to partially unload before they can access some of our ports in the San Francisco Bay Area. Why does the Corps believe it is fair for the Federal Government to spend more than ten times what it collects in the Great Lakes ports, but spend less than one tenth of what it collects in California's ports?

Answer. The HMTF is authorized to fund harbor maintenance and related work at coastal and inland ports nationwide, without regard to how much HMT may be generated by cargo moving through each port or the ports of each State. When developing the budget, the Corps focuses on work that will provide the greatest economic, environmental, and public safety returns to the Nation.

BUDGET JUSTIFICATIONS

Question. Even though you were able to produce a press book that delineated all of the projects you intended to fund almost concurrently with the budget, the justifications for those projects arrived yesterday afternoon. We are having this hearing today without the benefit of a proper review of the budget justification documents for individual projects or the fiscal year 2013 work plan.

Why does this keep happening year after year?

Answer. Our goal is to deliver the budget justification sheets to Congress concurrently with the Administration's annual budget release and we will continue our efforts to improve the timely delivery of these documents.

Question. Whose fault is it that these items don't get cleared and submitted to Congress?

Answer. No one specifically is at fault, but the Administration is working to address the problem.

Question. Is the reason for these seemingly inevitable delays due to last minute changes from the Corps or others within the Administration?

Answer. The Corps budget justification sheets reflect the funding decisions made through the annual budget development process. The Administration is working to provide timely budget justification documents to the Congress.

Question. It certainly seems that if you know what you are going to fund in a press book, the justification for that funding request would not be that difficult to complete. Is there anything that you can do to get these justification documents delivered to Congress in a more timely manner?

Answer. The Administration's goal is to deliver the Corps budget justification sheets to the Congress concurrently with the Administration's annual budget release. The Administration continues to work to improve this process.

Question. How many budget justifications are produced as a part of the budget process for the Corps?

Answer. Corps budget justification materials are provided for projects, studies, and programs within the Army's Civil Works Budget. For the fiscal year 2014 Army's Civil Works Budget, 88 Construction budget justification sheets were produced, 109 Investigations budget justification sheets were produced, 691 Operation and Maintenance budget justification sheets were produced, and 23 Other (Expenses, Formerly Utilized Sites Remedial Action Program, Regulatory, etc.) budget justification sheets were produced, for a total of 911 fiscal year 2014 Corps budget justification sheets.

Question. Are all of these problems that keep them from getting cleared or is it selected projects?

Answer. The process is iterative and sequential. It includes reaching decisions on overall funding, allocating that funding, and then updating and reviewing the budget justification materials to reflect those decisions. The delay generally is not due to decisions on selected projects. Part of the problem stems from the decentralized organizational structure of the Corps. Sometimes, it may also result from a decision to await action on the appropriation for the prior fiscal year before reaching final decisions on the budget allocation for the next year.

Question. Couldn't you put the cleared ones up on your website while awaiting the problem ones to be cleared?

Answer. The Administration will consider this suggestion.

INLAND WATERWAYS TRUST FUND

Olmsted Project

Question. Have you developed a schedule for the orderly shutdown of the Olmsted project if the cost ceiling for the project is not increased in fiscal year 2014?

Answer. Yes, we would begin to actively slow the project down on November 1, 2013, and anticipate shutting down the project on or about February 1, 2014, if the authorized project cost is not increased by that time.

Question. If construction of Olmsted is shut down, what additional costs could be incurred?

Answer. The project would incur a minimum of \$82 million for additional demobilization, remobilization, contract suspension, lost effort, escalation (material, labor and equipment) and extended field overhead as a result shutting down the project.

Question. How would a shutdown increase the overall project cost? Why?

Answer. The estimated project cost impacts of implementing a slowdown/shutdown scenario range from approximately \$82 million to \$208 million with a 1 to 3 year schedule delay depending on if and when the increase in the project cost is authorized.

Question. What are the sunk costs of the project?

Answer. As of April 30, 2013, expenditures for the project to date were \$1,534,458,434.

Question. If the Olmsted project were abandoned, what would the Corps have to do to ensure continued navigation on the Ohio River?

Answer. The primary course of action within the near term would be to continue increasing the level of maintenance and repairs to Locks and Dams 52 and 53. This would require an increased level of O&M funds for an indefinite period, but this approach is limited in the duration of its effectiveness. Over time, the challenge of maintaining these two structures will increase. At some point, the Corps estimates that it will no longer be able to continue to reduce the overall risk of failure to an acceptable level. Due to the temporary nature of the main lock chambers constructed of sheet pile cells in 1969 (L&D 52) and 1980 (L&D 53), and the conditions of the original dams and auxiliary chambers, which were constructed on timber piles, any significant reliability improvements would only be achieved by replacing most of the main features of the locks and dams at both sites. This approach was evaluated prior to the authorization of Olmsted and rejected due to the high cost.

If alternatives involving replacement/rehabilitation of Locks and Dams 52 and 53 are to be seriously reconsidered, it will be necessary to perform the appropriate analyses based upon current conditions and costs. Recent analyses of repair needs for L/Ds 52 & 53 have strictly focused on short term measures necessary to keep them operational until Olmsted is completed.

Question. If the Olmsted project were abandoned, what would the next priorities be to fund with the limited funding available in the IWTF.

Answer. The next highest priority at this point is work on Lower Monongahela Locks and Dams 2, 3, & 4, PA.

Question. Are we having more unscheduled outages on the inland waterway system due to aging infrastructure? Do you have any estimates of what these unscheduled outages are costing the economy?

Answer. We have made a substantial investment in the periodic rehabilitation of the locks and dams with the most commercial use over the years. It is not the age of these structures, but their condition, that matters. Therefore, the budget allocates maintenance funding among inland waterways projects based on project condition assessments by the Corps. These assessments provide information on the risk of failure due to component conditions. The Corps considers this risk, and the economic consequences should a failure occur, in allocating funding for the maintenance of inland waterways projects.

The Corps is focusing on reducing the risk of unscheduled outages due to mechanical failures on both high and moderate use inland waterways, and monitors the risk of component failures that could affect the movement of substantial traffic. The Administration has allocated significant funding for inland waterways maintenance, with emphasis on measures to reduce the risk of unscheduled lock closures due to mechanical failures on the inland waterways with the most commercial use, which support 90 percent of all inland waterways commercial traffic. For example, the fiscal year 2014 budget includes \$637 million for operation and maintenance of inland waterways projects, including funding to increase the reliability of the locks, dams, and other navigation features of these waterways.

The Corps does not track the estimated cost to the economy of unscheduled outages. Some companies would incur costs, which could be significant. Others may benefit. For example, the companies that provide an alternative mode of transportation, and those that are able to provide the goods from another source, would tend to benefit.

WORK PLANS

Due to the fact that we had a continuing resolution in fiscal year 2013 the Corps has been given extraordinary leeway to expend funds for the prosecution of water resource projects. Unfortunately the Committee has little say, outside of providing criteria to consider, as to how these work plans are assembled. We are unsure who within the Administration has input into their preparation. It is all very mysterious to us. The work plan was due to Congress on April 26 and it has still not been submitted.

Question. Do any of you know when the work plan will be submitted?

Answer. We are working on finalizing the work plan and will submit it to the Congress once it has been completed.

Question. Why is this process taking so long?

Answer. The work plan, though it builds on the President's fiscal year 2014 budget, involves choosing among many competing candidates for additional funding, including projects and activities not funded in the budget, and choosing where to take reductions in the Operation and Maintenance account. This year, there also are complexities associated with the application of sequestration and the across the board reductions to programs, projects, and activities.

Question. In a number of COE and BoR accounts, the CR will provide more funding than was included in your fiscal year 2013 budget request.

Do any of you know whether or not you will be recommending funding for items not included in your budget request?

Answer. Items not included in the budget are being considered for allocation of the additional funding above the budget level in three accounts (Investigations, Construction, and Mississippi River and Tributaries). In the case of the Operation and Maintenance account, although the funding level is less than that in the budget, some work has become a higher priority based on current project conditions, and that work is being considered for funding as well.

Question. If not, it would appear that utilizing the work plan funding is a way for the Administration to shut down all projects except those that meet your specialized criteria for budgeting. Is that the case?

Answer. The work plan, like the budget, is performance-based. The goal is to provide the best overall return to the Nation from the available funding.

Question. How are local sponsors being impacted by these decisions?

Answer. Where the allocation provides more funding, the ability of the non-Federal cost sharing partner to provide its share would be considered. A decision to provide enough to reach a logical stopping point would indicate that other work, elsewhere in the Nation, was viewed as a higher priority at this time.

Question. Aren't costs incrementally increased by trying to find these logical stopping points as opposed to continuing construction?

Answer. Deferral of work could result in an increase in costs due to price level changes; however, choosing logical stopping points, such as completing useful increments of work, is intended to minimize cost impacts.

Question. Won't this end up costing the national economy more in the long run if you continue to curtail these projects?

Answer. The work plan seeks to make the most productive use of resources from a National perspective.

SEQUESTERED FUNDS

Question. How has the sequester impacted funding for the Army Corps' work?

Answer. There will be impacts to three Civil Works appropriations accounts—Operation and Maintenance, Regulatory Program, and Expenses. The effects will probably be the greatest in the Operation and Maintenance account, due to the high Federal cost of providing service at hundreds of existing projects across the Nation. Less funding would be available for the operation of these projects. Some planned maintenance work would need to be deferred, including reductions in the amount of maintenance dredging performed in navigation channels, affecting the dimensions to which some projects would be maintained. Other deferrals of maintenance work would increase the risk of equipment breakdowns, which also could affect the economy by reducing the availability of some channels for navigation as well as the ability of some multi-purpose dams to generate low-cost hydropower. In the Regulatory Program, there would be an increase in the average time for issuance of permits and a reduction in the Corps' ability to assist people who seek jurisdictional determinations. This would adversely affect some private sector investments. The reduction would also affect the Corps' ability to monitor completed mitigation work and otherwise protect the environment. In Expenses, Corps headquarters and the division offices would have less funding for oversight efforts. This could affect the Army's ability to ensure an appropriate level of performance in the Civil Works program. In each of the other accounts, we would also postpone some planned work. That would set back our efforts to complete ongoing studies and delay some projects construction schedules.

Question. Has the fact that we are under a continuing resolution made a difference in how the Corps program is impacted by the sequester?

Answer. Under a continuing resolution, the Corps may have more flexibility, within accounts, in allocating the reduction in funds.

Question. Does the Civil Works mission of the Corps face any threat of furlough from the sequester?

Answer. Furloughs of individuals assigned to Civil Works are not currently anticipated.

OPERATION AND MAINTENANCE FUNDING CRITERIA

Question. Your request says that you have proposed funding for the highest priorities but it is impossible to know that without looking at your criteria.

Could you provide us the criteria that you internally utilized for preparing the fiscal year 2014 budget request?

Answer. The Corps uses objective performance-based criteria to allocate operation and maintenance (O&M) funds to Corps projects. These criteria give priority to key infrastructure and consider the condition of the project and the potential consequences (e.g., economic, environmental, and public safety impacts) for project performance if the O&M activity is not undertaken in the budget year, as well as legal factors.

The criteria, with an explanation of how the Corps applies them, are provided below:

—Project Purpose. Each proposed O&M activity at all projects that the Corps operates and maintains, including those funded in the Mississippi River and Tributaries account, is assigned to one of six program areas: commercial navigation, flood and storm damage reduction, environment, recreation, hydropower and water supply. For projects with multiple purposes, the separable activities are

assigned to the program area that they serve. Joint activities are allocated among all program areas served by the project based upon a project-specific allocation formula.

—*Economic Impacts.* The benefits that will be accrued for the dollars spent to improve the level of service are considered during the evaluation. For O&M funding decisions, an informed judgment is made using performance data to estimate the economic impact of the activity. Those with a higher return on investment receive a higher priority in the budget process. For example, the evaluation for commercial navigation includes the current and 5-year average tonnage (coastal) and segment-ton-miles (inland waterways), cost per ton and cost per segment-ton-mile, as well as other factors such as support for commercial fishing or public transportation (passenger ferries). For flood and storm damage reduction, it includes the risk of loss of life or property; for recreation, it includes visitor attendance; and for hydropower, the risk of facility closure.

—*Asset Management.* Reliability of projects is evaluated to determine a project's ability to adequately perform its intended function in a consistent and dependable manner when field conditions allow. Condition classification guidelines are used to determine overall project condition, with component condition assessments performed to evaluate the condition of individual critical components. Consequence rating criteria are used to determine the impact (dollars, lives, etc.) of reduced availability. The results of the condition and consequence evaluations lead to a risk level based on an established matrix for each program area. The risk of not funding the proposed work is evaluated in the budget year in terms of the intended function. Cost effectiveness measures are used to determine the lowest cost solution to improve the overall reliability of the project. These results incorporate both economic and public safety values, as well as any residual risk, which are used to help with project reliability determinations, based on those specific performance measures.

Question. I am specifically interested in the criteria utilized for dredging ports and waterways and for dredging on the Inland Waterways System?

Answer. The Corps focuses work on those projects that have the greatest risk of failure and provide the greatest economic, environmental, and public safety returns to the Nation. Navigation projects are categorized as high, moderate and low commercial navigation use. Funding is focused on the projects with a high or moderate level of commercial navigation use (coastal projects carrying at least one million tons of cargo; and inland waterways with at least one billion ton-miles of traffic), which move 99 percent of the Nation's waterborne commercial cargo.

For coastal channels and inland waterways with a low level of commercial use, the Corps considers a range of factors such as the need to operate and maintain locks; use of a harbor as a critical harbor of refuge or a subsistence harbor; whether the harbor or waterway supports public transportation, U.S. Coast Guard search and rescue operations, the national defense, or other Federal agency use; the reliance on marine and inland transportation for energy generation or home heating oil deliveries, and the level of commercial use (albeit less than a moderate level of commercial use).

Question. Can you quantify the benefits to the national economy that are foregone for the projects that are not funded?

Answer. The Corps cannot quantify these benefits without an extensive economic analysis.

Question. Various inland navigation projects are facing curtailed hours of operation under an initiative concerning levels of service.

Will the Corps see O&M savings with these reduced hours?

Answer. The Corps does anticipate saving some O&M funds with reduced hours; this reduction in operations cost would be applied to maintenance of those or other inland waterways projects.

Question. What is the criteria being used for these reduced levels of service?

Answer. The criteria used for determining the levels of service include the number of commercial and recreational lockages at each individual lock. Those with at least 1,000 commercial lockages a year are eligible for 24 hour/day operation.

Question. If it is based on the number of lockages and you restrict the hours of operation, doesn't that lead to a downward spiral of usage?

Answer. Generally, the Corps does not anticipate that the reduced hours of operation will significantly affect the level of commercial usage. However, there could be a reduced number of commercial lockages at some of the locks due to the reduced hours of operation.

Question. How are inland ports supposed to market the availability of navigation if it is restricted based on usage?

Answer. The Corps is working with inland navigation users to determine appropriate hours of operation to minimize impacts to navigation.

Question. What will be the impacts to recreational users?

Answer. Recreational users may see reduced hours of lock availability and will also need to continue to time their lock use based on their relative priority for use of the locks compared to commercial vessels, or as trailer vessels where a lock is being operated for commercial traffic by prior appointment only. The Corps will continue to work with stakeholders during special events such as bass tournaments to operate locks to accommodate participants.

Question. Are emergency lockages allowed under restricted hours?

Answer. The Corps has procedures in place that would allow for emergency lockages to be considered on a case-by-case basis.

WE CAN'T WAIT—WHITE HOUSE NAVIGATION INITIATIVE

Question. Last year the Administration proposed the “We Can’t Wait” initiative to speed coastal navigation projects. We applaud the President for this initiative and his initiative to double exports by fiscal year 2015, so why aren’t more dollars being invested in coastal and inland navigation projects like Savannah Harbor, rehabilitation of aging infrastructure, dredging of small ports and harbors?

Answer. The President’s budget reflects an appropriate amount for the Corps commercial navigation program for fiscal year 2014.

Question. What progress has been made in speeding up the navigation projects that this initiative was intended to help?

Answer. Executive Order 13604 set up a process for identifying a set of infrastructure projects to demonstrate improvements to the ways in which Federal agencies issue permits and review infrastructure project proposals. A permitting dashboard has been established to allow the public to track the progress of the projects included in this Presidential initiative. The following navigation projects are included on the dashboard:

- New York and New Jersey Harbor, NY and NJ. The project is currently scheduled for completion in fiscal year 2015, but the 50-foot deepening would be substantially completed in fiscal year 2014. The next scheduled milestone for this project is to apply for water quality certificates from the States of New York and New Jersey for shoal removal and utility corridor contracts. These milestones were delayed due to impacts associated with Hurricane Sandy. The schedule is currently being evaluated and efforts are being made to minimize the schedule impacts as much as possible. The budgets for fiscal year 2013 and fiscal year 2014 provided this project the maximum level of funding that the Corps estimated that it could efficiently and effectively use.
- Savannah Harbor Expansion, GA. All Federal permits and reviews associated with the project have been completed. The Chief’s Report was completed in August 2012. Project construction cannot commence until Congress provides additional authorization that raises the Section 902 project cost limit to cover the current estimated costs of the project.
- Jacksonville Harbor, FL. The feasibility study evaluating options for deepening the navigation channel at this project was funded to completion in the fiscal year 2013 budget and is scheduled to be completed in fiscal year 2014.
- Charleston Harbor, SC. The feasibility study was rescoped in June 2012 to significantly reduce the cost and time to complete the study. The study is currently scheduled to be completed by September 2015.
- Miami Harbor, FL. The preconstruction engineering and design work for the project was completed in fiscal year 2012, and the non-Federal sponsor has agreed to contribute all construction costs. The construction contract is scheduled for award this spring and construction is scheduled for completion in fiscal year 2015, provided that the authorized project cost is increased before January 2014 (so that the contract option for the remaining construction can be awarded).

Question. I believe Savannah Harbor deepening was one of the projects identified, yet it cannot move forward without a cost ceiling increase. Should your budget have proposed this cost ceiling increase if this is in fact a project that should be expedited?

Answer. Following completion of the review of project report, the Administration indicated its support for an increase in the level of appropriations authorized for this project.

Question. If the President is committed to investing in 21st Century water infrastructure, which will strengthen the Nation’s economy, create jobs, reduce risks, and

bolster our long-term global competitiveness, is your construction account funded at level that will provide that?

Answer. We believe the Corps fiscal year 2014 Construction account invests an appropriate amount in water resources and will strengthen the Nation's economy, improve aquatic ecosystems, and reduce significant risks to public safety.

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

DREDGING- HARBOR MAINTENANCE TRUST FUND

Question. Language was included in last year's Transportation bill indicating the Sense of the Senate that "the Administration should request full use of the Harbor Maintenance Trust Fund for operating and maintaining the navigation channels of the United States" while ensuring that other activities of the Civil Works Program are not adversely impacted. I am also a cosponsor of the Harbor Maintenance Act which seeks to accomplish the same objective.

I was disappointed to see the Administration's opposition to language in S. 601 that would direct these taxes toward their intended purposes, and, in light of the aforementioned dredging deficit, I ask how you propose meeting our current needs without utilizing this existing revenue stream? Is the Administration also opposed to the phased-in approach included in the WRDA Manager's Amendment?

Answer. The budget amount of \$893 million for Harbor Maintenance Trust Fund eligible activities reflects an appropriate amount. The level of Federal spending to support harbor maintenance and related work should reflect consideration for the economic and safety return of these investments, as well as a comparison with other potential uses of the available funds. It should not be tied to the level of receipts from the current ad valorem tax.

Question. While I recognize the current fiscal constraints, I would also like to go on record against the Administration's opposition to increasing the depth for authorized Federal cost-sharing from 45 feet (WRDA '86) to 50 feet. Ships have gotten much larger, and we need to make this strategic investment to stay competitive in the global marketplace.

Answer. This proposed provision would remove an existing requirement, under which our largest ports now pay a share of the costs of maintenance dredging for work performed beyond 45 feet. The Administration believes that these ports should continue to be responsible for these costs.

INLAND WATERWAYS- IWTF AND IWUB

Last year at this hearing, we talked extensively about the continued cost escalation of the Olmsted Lock project that was authorized in 1988 at a total cost of \$775 million. In March 2012, the most recent Corps estimate pegged completion costs at \$3.1 billion, an escalation of over \$1 billion since 2011.

While there is industry support for some increase in user fees, the budget proposal assumes enactment of a rather ambiguous proposal that would generate an additional \$1.1 billion in revenue over 10 years from commercial users of our inland waterways.

Question. As I understand it, this would add 40 new segments to the fuel-taxed inland waterways, including many in Louisiana and Texas. Please explain the rate structure and details of how this \$1.1 billion would be generated, and what protections are included to limit this broad revenue-raising authority?

Answer. The budget includes a legislative proposal submitted to the Joint Select Committee on Deficit Reduction in 2011, which would reform the laws governing the Inland Waterways Trust Fund, including an annual per vessel fee to increase the amount paid by commercial navigation users of the inland waterways sufficiently to meet their 50 percent share of the capital investments that the Army Corps of Engineers incurs on their behalf. The revenue from this user fee would supplement the revenue from the existing excise tax on liquids used as fuel in commercial transportation on the inland waterways.

The existing inland waterways fuel excise tax does not raise enough revenue to achieve its original purpose, which was to cover the user-financed 50 percent of the costs of the capital investments needed to support navigation on these waterways. The Administration's proposal would generate an estimated \$1.1 billion in additional revenue over 10 years from the commercial users of these inland waterways. This amount reflects estimates of future capital investment for navigation on these waterways over the next decade, including an estimate adopted by the Inland Waterways Users Board. The Administration's proposal would ensure that the revenue paid by commercial navigation users is sufficient to meet their share of the costs

of capital investments on the inland waterways, and would enable a significant increase in funding for such investments in the future.

The user fee section of the proposal involves a delegation of authority to the Secretary of the Army. This authority is limited by the terms of the legislation, which would allow the structure and amount of the user fee to evolve over time, in a manner that would be fair to all of the inland waterways navigation users while meeting the statutory revenue goals.

The Secretary of the Army would determine the amount and structure of the fee for each fiscal year, within the specific parameters established in the legislation, with the goal of ensuring that the balance of receipts in the Inland Waterways Trust Fund (IWTF) would be sufficient to cover the user-financed share of the costs of inland waterways capital investments. More specifically, the fee would be phased in over 10 years, and set administratively at a level to collect \$35,000,000 in receipts the first year, \$75,000,000 in receipts the second year, and a total of \$900,000,000 in receipts over the course of the following 8 fiscal years. After the first 10 years, the level of the fee would be based on the objective of maintaining a balance of between \$50 million and \$150 million in the Inland Waterways Trust Fund at the end of each year, in order to support spending for future capital investments.

Under the Administration's proposal, the Secretary of the Army would be able to structure the user fee in two tiers. Nearly all of the capital investment by the Corps to support commercial navigation on these waterways involves work at Corps locks and dams. Under a two-tiered fee system, those who use the locks and dams would pay more of the non-Federal share of capital investments. This would increase economic efficiency by requiring the specific users who benefit from these investments to internalize the costs.

The Administration's proposal also includes other needed changes, which would clarify the scope of cost-sharing for inland waterways capital investment, and the authority for appropriating funds from the Inland Waterways Trust Fund and from the General Fund to finance inland waterways costs; and would close an existing loophole under which traffic on roughly 1,000 miles of the inland waterways does not now pay the fuel tax.

The proposal to add 40 inland waterways to the statutory list of inland waterways in section 206 of the Inland Waterways Revenue Act of 1978, as amended (33 U.S.0 § 1804) is a modest, useful reform. It would only generate a total of approximately \$2 million per year. This provision is needed for fairness—to ensure that the movement of all cargo on all of the inland waterways is subject to the same rules, and contributes to the costs borne by other users on an equal basis. The traffic on these 40 inland waterways, which accounts for a total of around 5 percent of the total ton-miles of the inland waterways, is currently exempt from the fuel tax. This provision is also needed to facilitate legislative and administrative oversight of the program by ensuring that the statutory list of inland waterways actually covers all of the inland waterways of the United States.

Question. I believe we can significantly improve the project delivery process with protections against unreasonable cost increases and modest increases to the threshold for 'major rehabilitation' projects. What efforts has your agency taken to improve the project selection and delivery process?

Answer. The Corps has taken the following actions for projects funded from the Inland Waterways Trust Fund in order to improve the delivery process: require project management certification; require risk-based cost and schedule estimates, and an independent external peer review, for projects whose total anticipated cost is equal to or greater than \$40 million; and apply lessons learned to managing new projects. The Corps is looking at system-wide risk and applying asset management principles, including evaluating the condition of its assets, and analyzing the potential risk of failure and the consequences of failure, in selecting projects that would compete for capital improvements such as a major rehabilitation. In addition, the Corps has established a new inland navigation design center of expertise and is developing a portfolio of standardized designs.

Question. This Committee, along with others, has repeatedly stated how important the views of the Inland Waterways User Board are with respect to improving these processes and making strategic investments in the Nation's inland waterway system. It is my understanding that the Secretary of the Army has allowed all 11 IWUB appointments to lapse, leaving no one on the board. This is very concerning. Please explain.

Answer. Recommendations of eligible candidate representative organizations have been submitted pursuant to Department of Defense (DOD) regulation DODI 5105.04, August 6, 2007, E3.5. Committee Member Selection and Appointment Process; OSD policy memorandum dated 27 July 2010; and the IWUB charter and mem-

bership balance plan rules and regulations, and are currently under review for selection within the DOD. Once DOD completes its assessment of the recommendations, new representative organizations will be selected to serve on the Inland Waterways Users Board.

MITIGATION-MODIFIED CHARLESTON METHOD

Question. The implementation of the Modified Charleston Method has created significant additional financial impediments to essential coastal protection and restoration projects in my home State that may require additional Federal appropriations as a result.

I commend Colonel Fleming for working with our local levee boards to identify a balanced path forward on critical projects that reduce coastal Louisiana's exposure to flooding and storm surge in an environmentally responsible manner, and I am committed to ensuring this progress is not lost during the upcoming change of command later this month.

Do you concur that, as long as a proposed coastal restoration project yields an overall positive benefit to the natural environment, the Army Corps will not use the MCM to establish any mitigation requirements for the project?

Answer. Regulations set forth in 33 CFR Parts 320 and 332 establish requirements for evaluation of proposed project impacts and compensatory mitigation. Part 332 specifically addresses procedures and requirements for compensatory mitigation and enables districts to account for regional variation in wetland types, functions and services in determining compensatory mitigation standards. Based on more than 20 years of experience in reviewing applications for numerous coastal restoration projects, the New Orleans District has not identified an instance where an activity that yielded overall benefit to aquatic resources also required compensatory mitigation. However, it would be speculative to predict that a coastal restoration permit would never include a compensatory mitigation element because the potential for critical resource issues specific to a given future action always exists. The Corps needs to evaluate each application based on its own merit and circumstances. If compensatory mitigation is required, the New Orleans district would follow current regulations and current practice, which would include use of MCM (Modified Charleston Method).

Question. Do you agree that mitigation associated with essential levees and related flood control structures along existing and established flood protection alignments should require minimal mitigation when the local sponsor can demonstrate their efforts avoid and minimize negative environmental impacts?

Answer. The Corps works with all applicants to avoid and minimize impacts to aquatic resources to the extent practicable, and then requires compensatory mitigation for unavoidable impacts. These steps ensure compliance with the Clean Water Act 404(b)(1) guidelines. Compensatory mitigation for aquatic resource impacts is often necessary to ensure compliance with the requirements of the Clean Water Act and the 404(b)(1) guidelines and also to ensure that the activity is not contrary to the public interest. Activities involving or adjacent to high quality aquatic resources will typically require a higher level of compensation than those involving or adjacent to lower quality aquatic resources.

BENEFIT-TO-COST RATIO- PROJECT PRIORITIZATION

Question. The internal project prioritization process has become increasingly important to the appropriations process since inclusion in the President's budget is the only means by which Federal funding can be directed to a specific project.

Language in WRDA 2007 required the Corps to update the principles and guidelines by which they evaluate projects. While I understand some significant progress has been made, the final regulations are still being finalized.

Louisiana is home to significant energy infrastructure and other assets that have a direct impact on the national economy. What measures has your agency taken to better account for the regional and national impacts of economic disruption in the BCR calculation methodology?

Answer. USACE has taken a number of recent actions in improving its methodologies to better account for impacts of economic disruption of storms. Hurricanes Katrina and Sandy, to name just two recent major storms, have demonstrated how susceptible our coastal communities can be to storm damage, and how this can affect the Nation overall. One of the lessons learned from the post-Katrina IPET report is that some events can cause widespread and long lasting disruptions at the local and regional level (economic, social, cultural, environmental, and other disruptions). USACE has made strides in identifying and developing the empirical data

and tools to assess the probability of these storm events occurring and estimate the consequences of such impacts. Some specific actions that have been taken include:

- Gathering of post storm empirical data to assess actual impacts and residual risks;
- Identification of modeling techniques to assess a range of storm probabilities and water surface footprints;
- Development and refinement of sea level change guidance and practices (latest guidance issued in 2013);
- Development of more standardized methods of calculating vehicle damages (guidance issued in 2009); and
- Development of a coastal storm risk model (in development) which is a second generation of the IPET risk assessment model (developed for New Orleans) used for coastal storm defense planning. This new model evaluates the consequences (economic, environment, loss of life) of coastal storms and assesses the benefits of a range of measures to reduce the flood risk including sea walls, tide gates, levees, non-structural measures, and nature-based features.

REDUCED LOCK OPERATIONS—ACTUAL COST SAVINGS

Question. In an effort to reduce operating expenses and extend the service life of existing locks, the Army Corps decided to reduce hours of operation at locks throughout the country with less than 1,000 commercial lockages per year.

As you know, this has adversely affected many ports and industries in Louisiana, and I remain highly skeptical that the potential cost savings will materialize and offset the detrimental effects to local economies.

Please provide an update on the cost savings derived from this policy change.

Answer. This change in the levels of service at certain locks across the country has been in place for less than 1 year. An estimate of the reduction in operations costs or improvements to project maintenance is not yet available.

ENVIRONMENTAL INFRASTRUCTURE PROJECTS

Question. Since 1992, Congress has authorized more than 400 environmental infrastructure projects, yet no Administration has included an environmental infrastructure project in their Corps budget.

Since receiving \$200 million in the American Recovery and Reinvestment Act of 2009, limited funding has been available for these important projects. Does the Corps view these as a low priority or does the agency not have the authority they need to include these projects as “new starts” in their budget request?

Answer. The Administration could propose funding for these projects. However, the budget focuses on the three main mission areas of the Corps civil works program (flood and storm damage reduction, commercial navigation, and aquatic ecosystem restoration) and related efforts. Since the environmental infrastructure program is outside of these main missions, the Corps views funding for such projects as a low priority.

PROJECTED COST SAVINGS

Question. The Corps recently submitted a reprogramming request that would take \$86 million out of the Southeast Louisiana Urban Flood Control Project (SELA) account. In the Request for Proposals (RFP) for permanent pump stations at the New Orleans outfall canals, the agency indicated that it budgeted \$700 million for this work.

I was encouraged to see the winning proposal come in under budget at \$614 million, and I am interested to know if the agency plans to utilize this \$86 million to refill the SELA account and ensure authorized projects are not adversely affected by the reprogramming request?

Answer. Although a lower than anticipated bid price was received on the construction contract for the Permanent Canal Closure & Pump Station (PCCP) project, this does not necessarily mean that the overall project will cost less than estimated. The \$86 million is currently being reserved in the project account and will be utilized to address construction contingencies, as necessary.

Also, the \$86 million in cost savings involves PCCP funds provided in an appropriation for Flood Control and Coastal Emergencies (FCCE) under a series of Supplemental Appropriations. These funds cannot be reprogrammed across different appropriations to be utilized for advancement of the authorized Southeast Louisiana (SELA)—Construction projects.

Question. In an effort to reduce long-term expenditures associated with testing and inspecting the large inventory of dams throughout the Nation, it is my under-

standing that the Army Corps has begun the verification and validation process for new, low-cost testing methods.

As I understand it, under Monitoring of Completed Navigation Projects in the Remaining Items account, the President budgeted \$6 million for fiscal year 2014. Is this enough to complete the verification process?

Answer. The requested level of funding is an appropriate amount for fiscal year 2014 for the verification process. This remaining item, which is called Monitoring Completed Navigation Projects, includes many activities (coastal and inland). One of them is an initiative to develop the tools and methods that will enable the Corps to more accurately assess the condition of certain components in a navigation lock and dam, whose conditions may be very difficult to determine condition because you cannot easily see or fully access them. The funding amount in the fiscal year 2014 budget would cover the development of several such methods for one of these inaccessible components. More specifically, we would use this funding to complete the verification process to measure tension and failure in trunion rods. In later years, we would develop such methods for other basic lock and dam components. It is important that we develop these non-destructive test methods. The various components have a range of material and physical properties, many of which will require the development of unique test methods and standards.

Question. If not, how much more is needed and what are the potential long-term cost savings of this method over the current process?

Answer. The requested level of funding is an appropriate amount for fiscal year 2014. The Corps does not have an estimate of the potential long-term savings from this initiative. However, accurately detecting a failure in a key component—before it fails—can reduce the risk of unscheduled lock closures. It has the potential both to reduce costs to the economy and save taxpayer dollars. That is why the budget proposed this initiative.

QUESTIONS SUBMITTED BY SENATOR FRANK R. LAUTENBERG

Question. Sandy struck New Jersey's coastline late last year, bringing widespread damage to our valuable beach economy. Empirical evidence has so far shown that communities with recently completed beach nourishment projects fared better than those without such projects. Many of the hardest hit areas did not have beach projects because of budget cuts and efforts to limit spending on these projects.

How did these constraints impact flood risk preparedness in coastal areas hit by Superstorm Sandy?

Answer. The benefits associated with a nourished coastline depend upon the condition and maintenance of the beach profiles. Factors that can affect maintenance and nourishment of coastlines include Federal and non-Federal funding priorities.

It should be noted that the availability of Federal funding is not the only factor impacting the flood risk in coastal communities. Issues such as environmental impacts, the economic return, the availability and accessibility of suitable sediment, consideration of other strategies to reduce the flood risk, local cost-sharing concerns, and the acquisition of real estate easements, among others, can also delay the implementation of a risk reduction effort.

Question. I signed a letter to Federal Emergency Management Administration (FEMA) Administrator Craig Fugate on March 20 requesting that FEMA conduct an expedited study into how Army Corps of Engineers flood mitigation structures that are planned, fully funded, but not yet constructed would affect FEMA's Advisory Base Flood Elevation (ABFE) maps in New Jersey. The letter specifically requested that the study identify areas where the completion of the structures could lead to flood map revisions. FEMA representatives informed my staff that they would reach out to the Army Corps of Engineers, determine whether the Army Corps could provide the necessary data, and—if so—move forward with the study.

Has FEMA requested data and information from the Army Corps of Engineers about planned flood control structures in New Jersey, and has the Army Corps of Engineers provided the requested data and information?

Answer. The Federal Emergency Management Agency has not yet formally requested such data and information from the Army Corps of Engineers about planned flood control structures in New Jersey.

Question. The Water Resources Development Act, which is currently being debated on the Senate floor, includes provisions intended to accelerate projects by streamlining environmental studies associated with them. One provision sets up a system of fines intended to penalize agencies that take longer than anticipated to comply with environmental reviews.

Do you believe these environmental studies are the sole reason causing Army Corps projects to be delayed?

Answer. No. Cases where environmental compliance requirements are the sole cause of delays represent a small percentage of the total number of delayed projects. The need to execute amenable project partnership agreements, establish federally mandated cost-sharing with a non-Federal project sponsor, and obtain real estate easements, all affect the schedule of Corps projects.

Question. The Rahway River Basin and the Millstone River Basin are inland areas in New Jersey that are prone to flooding even during low rain events, and suffer extreme flooding during high rain events, such as Hurricane Irene and Tropical Storm Lee.

Why does the President's budget request, which provides funding to complete 21 studies or project designs, continue to leave these studies unfunded and unfinished?

Answer. Studies of the flood risk in these two river basins were given consideration for funding in the formulation of the annual budget along with other programs, projects and activities across the Nation in competition for the available funds. The Corps considered many factors in selecting the studies that are funded in the fiscal year 2014 budget for the Flood Risk Management business line including the population at risk, population affected, flooding risk depth, and benefit to cost ratio for preconstruction engineering and design projects. In addition, a risk management approach to reduce risks to human safety and property in the flood plain are also considered. The Corps will continue to evaluate these two studies for inclusion in future budgets based on nation-wide criteria, as described above.

QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

Question. In March, Representative Bill Enyart and I wrote to you to encourage the Corps initiate a Project Labor Agreement (PLA) for Federal portions of work being done to repair levees in the Metro East Illinois. The locals have taxed themselves to jumpstart this work to ensure it is completed by 2015. Your response to our letter, dated April 29, left me unclear as to your commitment to a PLA for this project.

Will you work with me and local interests toward a PLA for this project in a way that doesn't delay progress on the project?

Answer. The contracting officer responsible for levee rehabilitation project awards will consider the suitability of a Project Labor Agreement (PLA) for those procurements in accordance with U.S. Army Corps of Engineers policy and consistent with the Federal Acquisition Regulations. The contracting officer will conduct necessary market research, which involves seeking input from external stakeholders and other interested parties and focuses on factors that include economy and efficiency to the Federal Government, availability of skilled labor in the area, and prior use of PLA's on comparable projects in the geographic area. Local Metro East, Illinois, region contractors are encouraged to participate in these competitions.

Question. Last winter, you worked with me and other Senators to address historic low water levels on the Mississippi River that threatened navigation. Thank you for your personal attention to solving the crisis and in particular the Corps' efforts to expedite rock pinnacle removal near Thebes and Grand Tower, Illinois. Now that we have that crisis behind us, we find flooding is back. Extreme weather seems to be the new normal. In response, I authored the Mississippi River Navigation Sustainment Act that would for the first time study the entire Mississippi River Basin and how we manage it.

How would a greater understanding of the Mississippi River Basin, which is the world's third largest and covers 40 percent of the contiguous United States, allow the Corps to better plan for and react to extreme low water or flooding in the future?

Answer. The Corps, in partnership with the United States Coast Guard and navigation industry was successful in facilitating commercial navigation in the Middle Mississippi during the 2012-2013 drought. Further, the Federal projects in the Mississippi River Basin were successfully managed according to their authorizations to meet the challenges of the historic 2011 Floods. Future droughts and floods will continue to challenge this Nation and its abilities to sustain navigation and reduce the flood risks to the residents and businesses in the floodplains of the Mississippi Basin. The fiscal year 2014 Budget includes first year funding for a multi-year effort to collect and study basic data that will update the systems flow lines and flow capacity. The purpose of this study is to identify ways to improve upon the current operations plan as well as plans for construction and maintenance of the levees and

the other flood damage reduction features of the Lower Mississippi River main stem to ensure their continued successful performance as a system.

QUESTIONS SUBMITTED BY SENATOR TOM UDALL

DROUGHT COORDINATION EFFORTS

Question. Last week, New Mexico passed Nebraska as the State most affected by the drought. Eighty-two percent of New Mexico is in “extreme” drought or worse, according to the Federal Drought Monitor.

Commissioner Connor, I want to thank you for attending our water conference at NMSU last year.

Farmers on the lower Pecos River are litigating over scarce water supplies. For the first time in its 98-year history, the Elephant Butte Reservoir on the Rio Grande could not release any water in April.

We can't make it rain, but during a drought we need to maximize available water. Both your agencies manage dams and reservoirs along the Rio Grande in concert, along with irrigation districts and the International Boundary and Water Commission.

What options are the Corps and the Bureau considering for better managing this infrastructure to minimize evaporation, seepage, and other losses and maximize the amount of water available to growers and the environment?

Answer. The Corps has four Dams within the Rio Grande Basin, two of which currently hold a pool of water (Abiquiu Dam & Cochiti Dam), and two of which are managed as dry dams (Jemez Canyon Dam & Galisteo Dam). The Corps also operates two dams within the Pecos Basin, one of which currently holds a pool of water (Santa Rosa Dam), and one which is operated as a dry dam (Two Rivers Dam). Some loss of water from evaporation, seepage, etc, is inevitable when water is impounded behind a structure. One approach taken by the Corps to minimize these losses is to utilize our authority to store for water supply purposes in higher-elevation (lower evaporation) reservoirs with water supply space (Abiquiu and Santa Rosa in aforementioned basins). These reservoirs are managed in close coordination, often daily, with Bureau of Reclamation, States, and water owners. Although the Corps does not own any water, we coordinate closely to most efficiently manage water movement and resources. Any proposed measures to further minimize these losses must be consistent with all of the authorized project purposes and dam safety policies and procedures.

FISCAL YEAR 2013 WORKPLAN AND BUDGET/CONCERN FOR NM PROJECTS/ACEQUIAS

Question. What is the status of the fiscal year 2013 work plan—the final decisions on funding for the current year? Given everything I mentioned about the state of dramatic drought in New Mexico, can you please ensure me that you will weigh in to give us any help we can get?

In particular, our acequias are the lifeblood of many rural New Mexico communities. I can't stress enough how important it is to support these irrigation programs. I'm disappointed to see the fiscal year 2014 budget has no funding for these projects but I am hopeful that something can be done on an agency discretionary basis.

Answer. The work plan is still being developed. The acequias will be considered for funding along with other programs, projects, and activities across the Nation.

SAN ACACIA TO BOSQUE DEL APACHE FLOOD CONTROL PROJECT

Question. Almost all of the work for the San Acacia project has been completed, but there is no funding in the fiscal year 2014 proposal for this project. What is the status of the reevaluation report and what is the plan to protect Socorro from flooding? My understanding is that the local sponsors have cost-sharing funds available to begin the project, but I am disappointed that this does not show up in the fiscal year 2014 proposal. We need to begin work on the levees, especially around Socorro.

Answer. The reevaluation report for the Rio Grande Floodway San Acacia to Bosque del Apache project is scheduled for approval in January 2014. The levee at Socorro is planned to be constructed under three construction contracts. The first contract is scheduled for award in March 2014 using funds carried over from fiscal year 2013.

QUESTIONS SUBMITTED BY SENATOR SUSAN M. COLLINS

Question. One of the most significant Navigation Improvement projects for Maine is Searsport Harbor at Mack Point. The initial study was called for by Congress back in 2000. As you know, the plan would deepen both the existing entrance channel and turning basin from the authorized depth of 35 feet to a depth of 40 feet. The entrance channel would also be widened from its current 500 feet at the narrowest point to 650 feet.

The improvements are needed to accommodate the deep draft vessels that use the existing terminals at the port. It aims to reduce the transportation costs incurred by shippers due to tidal delays and light loading of vessels. The State Pier handles aggregates, forest products and other bulk cargos. In addition, the Sprague Energy terminal, located to the west of the State Pier, receives shipments for both Sprague Energy and Irving Oil. Since completion of the State Pier and upgrades to the petroleum terminal, the size of ships calling on Mack Point/Searsport Harbor has increased. As a result, the depths in the Searsport Harbor navigation channel are inadequate for the current and future vessel traffic.

The Corps has released the draft report for public and State agency review. I am hopeful that it will go before the Corps' Civil Works Review Board in June. An expeditious review and completion of the "Chief's Report" is critical in order for authorization of the project in the next WRDA bill.

Assistant Secretary Darcy, will you take a close look at the Searsport Project to help ensure that the timeline stays on track? Assuming the review is favorable, when do you expect the "Chief's Report" to be completed?

Answer. The New England District released the draft Searsport Harbor, Searsport, ME Feasibility Report and Environmental Assessment for agency and public comment on April 5, 2013. The public notice comment period closed on May 6, 2013. Comments were received from agencies, communities, stakeholders and the public. Comments are being reviewed by the District and will be addressed, as appropriate, in the final Feasibility Report (FR) and final Environmental Assessment (EA). The District will prepare the application to the State for Water Quality Certification and Coastal Zone Management Consistency Concurrence, which is scheduled to be submitted to the Maine Department of Environmental Protection and the Maine Coastal Program in December 2013. Following these State approvals, the schedule provides for the Corps to submit a draft of the final FR, including the documentation required under the National Environmental Policy Act (NEPA), and a draft of the Chief of Engineers report, to the Corps Civil Works Review Board (CWRB) for review. The CWRB is scheduled for June of 2014. If the NEPA process results in a Finding of No Significant Impact, the CWRB could clear the draft Chiefs report for State and Agency Review (by Federal departments and the State's Governor) in summer 2014, and a final Chief's report could be signed in December 2014.

Question. Fort Kent, Maine has a small earthen levee, which was constructed in 1977 to protect the community's downtown business district from a possible flood of the Saint John River. In 2008, this levee did just exactly that, it protected the downtown from a 500-year flood, when both heavy rains and melting snow flooded parts of the Town of Fort Kent. Town Manager Don Guimond recently attended an Army Corps and FEMA Flood Protection Structure Accreditation Task Force stakeholders meeting where he learned that the Corps may be interested in conducting risk assessments on small levees. As a result of learning about Corps plans, he requested that the Corps explore establish a pilot project on the Fort Kent levee to develop criteria and determine the best process to conduct future risk assessments on all levees. I supported his request in a letter to the Corps.

Such a pilot program would certainly assist small communities in completing a risk assessment and it would provide vital information for the benefit of larger levee systems. Has there been any progress in developing such a pilot program?

Answer. The Flood Protection Structure Accreditation Task Force report is going through the final vetting process. Once the report is finalized and submitted to Congress, the Corps and FEMA will begin implementing the actions outlined in the report including the selection of risk assessment pilots.

QUESTIONS SUBMITTED BY SENATOR LISA MURKOWSKI

Question. With circumpolar maritime shipping and resource development activity in the Arctic increasing, the United States' infrastructure and emergency response capabilities in that region is woefully inadequate. The Army Corps has partnered with the State of Alaska to plan for potential U.S. ports in the Arctic, and I thank you for that. That group has suggested that private industry will most likely drive the development of Arctic infrastructure. Is the Corps able to enter into partner-

ships with private industries to develop Arctic ports, or are new legislative authorities needed, and if sufficient authorities exist, please cite such authorities?

Answer. The Corps does not have the authority to directly enter into partnership agreements with private industry for this purpose.

Question. What funding streams can the Corps utilize to study, plan for, and develop Arctic infrastructure?

Answer. The Corps is already conducting an Alaska Regional Ports Feasibility study under the Investigations Appropriation, which is analyzing the need and feasibility of options for improving the channels of an existing port, or perhaps developing a new port, along the western coast of Alaska. That study could recommend one or more Corps projects. If there is a viable local sponsor, the project or projects could compete for Preconstruction Engineering and Design (PED) funds. Following the completion of PED, the project or projects could compete for Construction funding if the Congress authorizes the Corps to construct them.

Question. I am frustrated about the earmark moratorium and our inability to fund projects that don't have a high enough benefit-cost ratio, and therefore don't make the President's budget request. Despite that challenge, this Committee has found a way to fund vital projects, and I hope we continue that effort. First, we've begun providing funding for Small, Remote, and Subsistence projects for the purposes of navigation. How is this funding benefitting the Civil Works program in Alaska and the Nation as a whole?

Answer. In fiscal year 2012, Congress provided \$30 million more than proposed in the budget for operation and maintenance of small, remote, or subsistence navigation nationwide (coastal and inland) and \$1.5 million more for investigations related to such projects. From these added funds, the Army allocated a total of \$10.7 million for projects in Alaska for two feasibility studies, and to conduct maintenance dredging of an additional four harbors. In addition, the Army allocated \$8.9 million from other navigation funds added by the Congress (i.e., not specifically for small, remote, or subsistence navigation) in fiscal year 2012 for the Sitka Harbor construction project and two additional feasibility studies.

Question. I understand the Continuing Authorities Program does not require specific authorization for smaller navigation projects, but the President has not requested any funding for this program in his fiscal year 2014 budget. What has previously appropriated section 107 funding been used for, and how would fiscal year 2014 funding be used?

Answer. Any remaining previously appropriated funds would be used to continue ongoing work. The budget does not recommend additional funding for such projects in fiscal year 2014. Should the Congress provide such funding, the Corps would allocate it consistent with general guidance for allocating unrequested funding.

SUBCOMMITTEE RECESS

Senator FEINSTEIN. Let me thank everybody. I think it's been an interesting panel. The staff sent me a little note that said 10 percent of the Senate showed up for this hearing, so that indicates how much people really do care about these issues.

I want to thank all of you very much for your service to our country and for being here. So thank you very much.

The hearing is adjourned.

[Whereupon, at 4:40 p.m., Wednesday, May 8, the subcommittee was recessed, to reconvene subject to the call of the Chair.]